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<p style="text-align: right;">Page 2</p> <p>1 APPEARANCES:</p> <p>2</p> <p>3 On behalf of the Securities and Exchange Commission:</p> <p>4 BRENT MITCHELL, ESQ.</p> <p>5 JAMES MURTHA, ESQ.</p> <p>6 JEFF LEASURE, ESQ.</p> <p>7 DAVID MENDEL, ESQ.</p> <p>8 U.S. Securities and Exchange Commission</p> <p>9 100 F Street, N.E.</p> <p>10 Washington, D.C. 20549</p> <p>11 (202)551-4683</p> <p>12 mitchellb@sec.gov</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 4</p> <p>1 CONTENTS</p> <p>2</p> <p>3 WITNESS: EXAMINATION</p> <p>4 Eran Ben-Ari 5</p> <p>5</p> <p>6 EXHIBITS DESCRIPTION IDENTIFIED</p> <p>7 192 Subpoena 8</p> <p>8 193 Google Document 54</p> <p>9 194 E-mail 71</p> <p>10 195 IPL Document 96</p> <p>11 196 E-mail 142</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
<p style="text-align: right;">Page 3</p> <p>1 APPEARANCES(CONT.)</p> <p>2</p> <p>3 On behalf of the Witness:</p> <p>4 PATRICK GIBBS, ESQ.</p> <p>5 BRETT DEJARNETTE, ESQ.</p> <p>6 EMILY HARRINGTON, ESQ.</p> <p>7 Cooley LLP</p> <p>8 500 Boylston Street</p> <p>9 Boston, Massachusetts 02116</p> <p>10 (617)937-2480</p> <p>11 (650)849-7005</p> <p>12 (650)843-5535</p> <p>13 (650)843-5226</p> <p>14 bdejarnette@cooley.com</p> <p>15 pgibbs@cooley.com</p> <p>16 eharrington@cooley.com</p> <p>17</p> <p>18 Also Present:</p> <p>19 Fred Walker, Videographer</p> <p>20 Eve Glisell Perez Torres, Intern</p> <p>21 Ryan Walker, Intern</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 5</p> <p>1 PROCEEDINGS</p> <p>2 BY MR. MURTHA: We're on the record at</p> <p>3 9:38 a.m. on October 23rd, 2018, at the SEC's home</p> <p>4 office in Washington D.C. Sir, can you please raise</p> <p>5 your right hand? Do you swear to tell the truth, the</p> <p>6 whole truth and nothing but the truth?</p> <p>7 THE WITNESS: I do.</p> <p>8 Whereupon,</p> <p>9 ERAN BEN-ARI,</p> <p>10 was called as a witness, and having been first duly sworn,</p> <p>11 was examined and testified as follows:</p> <p>12 EXAMINATION</p> <p>13 BY MR. MURTHA:</p> <p>14 Q Thank you. Can you please state your full</p> <p>15 name and spell your name for the record?</p> <p>16 A Eran Ben-Ari. E-R-A-N, B-E-N, dash, A-R-I.</p> <p>17 Q Thank you. Good morning, Mr. Ben-Ari. I</p> <p>18 am James Murtha. To my left is Jeff Leasure, David</p> <p>19 Mendel, and Brent Mitchell. We also for the record are</p> <p>20 joined today by two SEC Division of Enforcement</p> <p>21 interns, Ryan Walker and Eve Glisell Perez Torres.</p> <p>22 I understand through speaking with your</p> <p>23 counsel that there is no objection to our interns</p> <p>24 sitting in on today's testimony?</p> <p>25 A Correct.</p>

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1 MR. DEJARNETTE: No objections.
 2 BY MR. MURTHA:
 3 Q This is an investigation by the United
 4 States Securities and Exchange Commission in the matter
 5 of Kik Interactive, file number HO-13388, to determine
 6 whether there have been violations of certain
 7 provisions of the federal securities laws.
 8 However, the facts developed in this
 9 investigation might constitute violations of other
 10 federal or state, civil, or criminal laws. Prior to
 11 the opening of the record, you were provided with a
 12 copy of the formal order of investigation in this
 13 matter as supplemented. It will be available for your
 14 examination during the course of this proceedings.
 15 Mr. Ben-Ari, have you had an opportunity to
 16 review the formal order?
 17 A Yes, I have.
 18 Q Do you have any questions?
 19 A No.
 20 Q Prior to the opening of the record, you
 21 were provided with a copy of the Commission's
 22 Supplemental Information Form 1662. A copy of that
 23 notice has been previously marked as Exhibit 1.
 24 Have you had the opportunity to read
 25 Exhibit No. 1?

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1 A Yes.
 2 Q Thank you. Do you have any questions
 3 concerning it?
 4 A No.
 5 Q Are you represented by counsel today?
 6 A Yes.
 7 MR. MURTHA: Would counsel please identify
 8 himself and herself.
 9 MR. GIBBS: Patrick Gibbs from Cooley for
 10 the witness.
 11 MR. DEJARNETTE: Brett DeJarnette from
 12 Cooley for the witness.
 13 MS. HARRINGTON: Emily Harrington from
 14 Cooley for the witness.
 15 MR. MURTHA: Just for the record, Brett,
 16 would you mind identifying the other parties that
 17 Cooley represents in this matter?
 18 MR. DEJARNETTE: Sure. Cooley also
 19 represents Kik, Erin Clift, Phil Yang, Eileen Lyon,
 20 Tanner Philp, Peter Heinke, Ted Livingston, Union
 21 Square Ventures, and Fred Wilson.
 22 MR. MURTHA: Thank you.
 23 MR. DEJARNETTE: And the Kin Foundation.
 24 BY MR. MURTHA:
 25 Q I'm going to hand you a copy of the

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1 subpoena that has been marked as Exhibit 192.
 2 (SEC Exhibit No. 192 was marked for
 3 identification.)
 4 BY MR. MURTHA:
 5 Q And I'll ask you to take a look at that,
 6 please. Have you seen this document before?
 7 A Yes.
 8 Q Does this appear to be a copy of the
 9 subpoena you're appearing pursuant here today?
 10 A Yes.
 11 Q Are you currently on or taking any
 12 medication that would affect your ability to remember
 13 things or recall events, or do you suffer from any
 14 medical conditions that would similarly affect your
 15 ability to recall events or answer questions?
 16 A No.
 17 Q Did you meet with your lawyers to prepare
 18 for today's testimony?
 19 A Can you repeat the question?
 20 Q Sure. Did you meet with your lawyers to
 21 prepare for today's testimony?
 22 A Yes.
 23 Q When did you meet with them?
 24 A Yesterday.
 25 Q Where did you meet with them?

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1 A Cooley's office in Washington, D.C.
 2 Q Who was there?
 3 A Patrick Gibbs, Brett DeJarnette and Emily
 4 Harrington.
 5 Q How long did you meet with your lawyers?
 6 A From 9:30 a.m. until 4:00 p.m.
 7 Q Did you review any documents preparing for
 8 today's testimony?
 9 A Yes.
 10 Q How many documents did you review?
 11 A Around 60.
 12 Q Did any of those documents refresh your
 13 recollection about specific events?
 14 A Yes.
 15 Q Which ones?
 16 A I think almost all of them.
 17 Q Okay. So could you provide us with at a
 18 resume level your educational and professional
 19 background, maybe starting with college?
 20 A Yes. So I -- including years? Like the
 21 year I graduated or just --
 22 Q Sure. To the extent you can remember
 23 years, that's helpful.
 24 A I did my bachelor's degree at the Hebrew
 25 University in Jerusalem in political science and

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1 sociology and anthropology. I did my master's in
2 sociology and anthropology at the Hebrew University as
3 well. And currently I'm just about to finish my Ph.D.
4 in -- at the School of Business Administration at the
5 Hebrew University.

6 And professional experience. I worked for
7 Jay Gooders. How far should I go back in time?

8 **Q Well, let's start with when did you**
9 **graduate from college, what year?**

10 A I think it was 2004, like, my bachelor's
11 degree.

12 **Q And then --**

13 A My master's, 2007.

14 **Q Did you work at all while in between**
15 **getting your master's degree and your --**

16 A Only at the university as a research
17 assistant and a teaching assistant.

18 **Q So you got your first real job after you**
19 **got your master's, you graduated in 2007?**

20 A Yes.

21 **Q Where was that?**

22 A I was working for a professor of education
23 in policy planning. And I did that for a year. And
24 then I worked another year with a former IDF
25 spokesperson.

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1 I was a web analyst there.

2 **Q What were your general job duties and**
3 **responsibilities as a web analyst at Sense of Fashion?**

4 A Crunch numbers, generate insights into
5 optimizations of all sorts.

6 **Q Optimizations of what?**

7 A Of sales, of bringing more fashion
8 designers in to the platform, more sellers. And also
9 improving the conversion rates of wires on the
10 platform.

11 **Q And after Sense of Fashion, where did you**
12 **work next?**

13 A I moved on to Perion. At Perion, I was the
14 conversion manager of the company focusing on
15 conversion rate optimization around landing pages on
16 the website, localization efforts, and checkout process
17 optimization.

18 **Q How long were you at Perion for?**

19 A A year.

20 **Q Then where did you go?**

21 A Moved on to Kampyle, which was later
22 acquired by Medallia. I was director of product and
23 then VP product. The product focused on analytics, on
24 feedback analytics bearing quantitative and qualitative
25 data.

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1 **Q I'm sorry, a what spokesperson?**

2 A Israel Defense Forces spokesperson,
3 retired. And working with him also on the policy and
4 planning projects for one year then another year.

5 **Q Okay.**

6 A Then I started my Ph.D. And in parallel, I
7 started working for a tech company called Jay Gooders.
8 I worked there for a year and seven months, something
9 like that.

10 **Q What did Jay Gooders do?**

11 A It was an online platform to raise funds
12 for nonprofit organizations.

13 **Q What were your general job duties and**
14 **responsibilities at Jay Gooders?**

15 A I did customer support and sales.

16 **Q So how long were you at Jay Gooders?**

17 A As far as I can remember, a year and seven
18 months.

19 **Q So we're into late 2008, early 2009 or so?**

20 A I think I started working there 2009. And
21 I finished there in 2010.

22 **Q Okay. Then where did you go?**

23 A I worked for another company called Sense
24 of Fashion, which was in similar to eBay but for very
25 specific clothing goods for independent fashion goods.

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1 **Q Were you actually involved on the technical**
2 **side creating any products?**

3 A So I'm not a technical person in the sense
4 of I never wrote codes. But I was involved in the
5 conceptual direction of the product bearing customer
6 user insights together with what is possible from a
7 technology perspective to direct the engineering team
8 to build a product.

9 **Q So you would learn what customers wanted,**
10 **and then you would work with the engineering team to**
11 **sort of make sure that they heard what customers were**
12 **looking for?**

13 A Yes.

14 **Q After that position, what was your next**
15 **job?**

16 A I moved on to Hola Networks. That was
17 later acquired by a British company. I was their VP
18 growth. So their product, which is a VPN product,
19 allowing -- for example, allowing people to access
20 Netflix abroad when Netflix was not available outside
21 of the U.S. And because the product already hit
22 product-to-market fits, my role was to exponentially
23 grow the number of users using the products.

24 **Q How did you go about growing the number of**
25 **users?**

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1 A I focused primarily on reframing the
2 messaging around the product. At the beginning, it was
3 you had to configure a server. And we changed it to
4 Netflix Away From Home, which was much more clearer.
5 And we did a lot of changes within the product itself
6 in terms of user experience, simplifying the flows on
7 making it instead of 12 tabs or clicks, it's one tab,
8 and you get exactly the value you're looking for.

9 Q And where did you go after Hola Networks?

10 A After Hola, I joined Rounds Entertainment.
11 This is the company that was acquired later by Kik. I
12 joined there as VP products.

13 Q What did Rounds Entertainment do?

14 A Rounds Entertainment provided a video chat
15 solution.

16 Q A video chat solution for who?

17 A Rounds owned their own app so they had
18 their own user base. It was primarily a video chat.
19 But also at the point when I joined, they also had a
20 text capability and all kinds of expressive content.

21 Q So it was a messaging app that had both a
22 video and texting component to it?

23 A Yes.

24 Q So the competitor to Kik?

25 A I don't think so that it was a competitor

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1 order to drive user adoption.

2 Q How did you go about rebuilding the product
3 from the bottom up?

4 A We conducted over 17 or 18 workshops --
5 some of them in Israel, most of them in North America
6 and in the UK and London -- doing a lot of user
7 research, deeply understanding how video can fit into
8 the lives of teens and young adults, to really position
9 the solution that we should be building.

10 Q And then you would take that information to
11 more technical people or engineers who would then
12 execute on how to get the customers what they were
13 looking for?

14 A Yes.

15 Q So you mentioned that Rounds was acquired
16 by Kik. Tell me about that.

17 A I think it was acquired in January 2016 or
18 '17. And then we were integrated into Kik. We did a
19 preliminary project of integrating the video chat into
20 Kik. And based on the success of that project, I think
21 the business terms were completed, and we were part of
22 Kik. And the way they went about it was they built a
23 separate entity called Kik Israel that Rounds -- and we
24 were fired from Rounds, and then we joined Kik Israel.

25 Q What was your position when you converted

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1 because it was a very different market. And it was
2 much smaller than Kik.

3 Q What do you mean by different market?
4 Geographically or --

5 A Yes. First of all, geographically. We did
6 have some U.S. presence. But I think primarily there
7 was a very strong -- as far as I recall, there was a
8 very strong presence in Asia, much more than in -- were
9 in Kik.

10 Q And aside from geographic, was there a
11 demographic difference between Kik and Rounds?

12 A I think it was more or less the same; teens
13 and then also young adults. But the main difference
14 was around the emphasis. Kik did not have at that time
15 any video capability. And Rounds was solely focused on
16 video with some text capabilities. But we did have
17 presence in the U.S. that I recall.

18 Q As the VP of product at Rounds, what were
19 your general job duties and responsibilities?

20 A I came out of Hola showing a lot of success
21 in growing a company in terms of the user base. I
22 joined Rounds with a very specific challenge. Its
23 growth cover went down. So they were losing users,
24 were not able to build the user base. That was my sole
25 purpose, to rebuild the products. Brought them up in

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1 from Rounds to being a Kik employee?

2 A At the beginning, I was VP product for Kik
3 Israel. Then after around a month or so, I was off of
4 the role to becoming the chief product officer for Kik,
5 the entire company.

6 Q And was that roughly in February of 2017
7 that you became the chief product officer?

8 A I think it's either February or March, yes.

9 Q As the chief product officer at Kik, what
10 were your general job duties and responsibilities?

11 A The same responsibilities that I had at
12 Rounds, to rebuild the product and brought them up.
13 Second was Rounds -- and integrating the two major R&D
14 centers that the company had; one in Tel Aviv with all
15 of the developers and engineers formally in Rounds
16 together with the big R&D center in Waterloo and a
17 smaller center in Toronto. That was the second.

18 The weight was articulated to me as that
19 also for a very long time, the company, at least in the
20 last 18 to 24 months, had launched repeatedly features
21 and functionality that didn't prove itself in terms of
22 user adoption. And the way it was articulated to me is
23 that I came with a lot of focus on research and user
24 research, and that may result in a much better outcome
25 for the company.

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1 Q So was one of your primary responsibilities
2 to really understand who the users of the Kik
3 application were?

4 A Yes.

5 Q In terms of the title chief product
6 officer, what does the term "product" mean to you?

7 A Can you please clarify the question?

8 Q Yeah. Like, what -- exactly what products
9 were you working on?

10 A I was working on the Kik Messenger app.
11 That was the only product I worked on.

12 Q And were there specific parts of the Kik
13 Messenger app that you were focused on?

14 A Yes. I focused on two primarily focused
15 areas. One was around -- very early on, it was very
16 clear that the company suffered from a safety issue in
17 terms of -- for some Kik users, using Kik based on the
18 anonymity and the lack of collecting any data creates
19 safety issues for them. And so I focused on that a
20 lot.

21 And the second, which I was not successful
22 in doing, is that very early on, based on preliminary
23 research that both I and marketing conducted, it became
24 very clear that there is a big difference between the
25 vision and the general sentiments around what Kik is

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1 and what actually is Kik being used for by Kik users.
2 And that's -- a gap is that in the vision, if you ask,
3 you know, people that have been working for the company
4 for a very long time, it was this community chat app
5 that everybody is using and they send messages back and
6 forth, and it is the center of their universe in terms
7 of their technology stack or the apps that they're
8 using.

9 But in fact, it became very clear that a
10 large proportion of users used Kik in parallel to many
11 other messaging apps. And they use it for a very
12 specific functionality. They use it as a screening
13 app. They go and meet someone in the offline world in
14 a party. And they don't know that person, they're a
15 stranger. And after they interact with that person,
16 they say, Oh, that's interesting enough, but I don't
17 feel confident moving them into Snapchat or Instagram.

18 So I would use Kik because it's anonymous
19 and it's very easy to delete and redeploy my account.
20 And they would use it as a screening app. They would
21 go on Kik. If everything is fine, they would then move
22 on to Snapchat and Instagram. If not, they would
23 simply delete the account and move on.

24 And that gap between the two -- I think
25 also it was the beginning of a growing gap between me

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1 and the CEO of the company, Ted Livingston.

2 Q Tell me about that growing gap between you
3 and the CEO.

4 A I think it's a gap on two levels; one is a
5 philosophy on how to build products. I'm much more
6 user generated in terms of doing a lot of research and
7 building insights based on what users tell me. And I
8 can infer from doing a lot of qualitative research,
9 which is also my academic background. He is much more
10 of sitting in a room and envisioning with where the
11 product should go. So that's one major gap.

12 Second, I think it's -- I'm much more
13 realistic. And I think he is much more -- you know, in
14 the positive sense, he's much more visionary, romantic,
15 about seeing what the department could evolve into. So
16 I think that was one of the early points of divergence
17 between the two of us.

18 Q Were there middle or later points of
19 divergence between you and Mr. Livingston?

20 A Yes.

21 Q Tell me about those.

22 A Around those two areas. I think as we
23 progressed over time -- and I pushed also in, I'll say
24 the crypto project, to do much more research to
25 substantiate some of the directions that we needed to

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1 take in terms of the initial product launch, in terms
2 of the road map, in terms of the white paper.

3 And for Mr. Livingston, it was much more of
4 this is the direction that we should go. And I was
5 much more concerned about will this actually evolve
6 into something that will be adopted by Kik users.

7 Q So --

8 A I'm much more of a bottoms up approach.
9 Sorry to interrupt you.

10 Q It's okay. So it sounds like you're
11 describing a situation where Mr. Livingston is more of
12 a visionary or a dreamer, and you're more practical.
13 You look at the data, you understand who the consumers
14 are and what the products are that they want. And then
15 he on the other side just wants to sit in a room and
16 sort of has a vision of what things should be?

17 A Yes, that is right. I also do want to say
18 I don't think Mr. Livingston is unique in the product
19 developing space in being a visionary. There are very
20 successful visionary product people. It's just the
21 difference in terms of our approach.

22 MR. LEASURE: Going back to when you were
23 talking about the Kik Messenger app. It sounds like
24 after you joined Kik, you came to a view that -- I
25 think you described a common use of Kik was as a

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1 screener mechanism in terms of how people used Kik in
2 conjunction with their entire technology stack?

3 THE WITNESS: That was one of the
4 surprising insights coming out of that research, yes.

5 MR. LEASURE: Tell me about that research.

6 THE WITNESS: That research was made by --
7 well, conducted by me and also by the consumer insights
8 and team reporting to marketing. That team did a lot
9 of background research and surveys and interviews.
10 Also used, I think, a third-party company to do some of
11 the research as well, more around the positioning of
12 the app in the space of other apps.

13 I did a lot of research around reading all
14 kinds of messages of users and interacting with them,
15 doing a lot of qualitative research, interviewing them.

16 MR. LEASURE: It sounds like there were
17 surveys, interviews, and other things done to test what
18 Kik Messenger app users did with the Kik Messenger app?

19 THE WITNESS: Yes. But the main insight
20 that I shared with you didn't come out from the
21 marketing research. It was more of my own research
22 that came up with that insight.

23 MR. LEASURE: What did you do?

24 THE WITNESS: What I did is a separate
25 endeavor. After I read all of the background research

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1 product officer, and Dave Simons as the SVP of
2 engineering, we should focus not on the ICO and not on
3 crypto. We should focus on the continuance management
4 of the vast majority of the workforce and to continue
5 work on how we grow the messenger app.

6 If the TDE would be successful, then we
7 would pivot the entire company towards changing
8 whatever we needed to change. So my role did not
9 change significantly until right after we had the
10 successful TDE and we were able to -- Kik was able to
11 raise the funds.

12 That said, I had -- I would say anywhere
13 between 5 and 10 percent of time and effort was focused
14 on specific increments that are tied to the crypto
15 projects. For example, the IPL, and also preparing for
16 the post TDE planning that I led.

17 Q The IPL, meaning the initial product
18 launch?

19 A Yes.

20 Q Tell me about your involvement in the IPL.

21 A The IPL, as far as I recall, because I
22 don't really remember who came up with the idea around
23 the expressive content -- as far as I remember, there
24 was a decision made, I think by Ted, that we should
25 focus on the stickers, the expressive content, and also

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1 at the marketing, that's the research I did.

2 MR. LEASURE: You asked people?

3 THE WITNESS: Yes.

4 MR. LEASURE: All right.

5 BY MR. MURTHA:

6 Q So once you became the chief product
7 officer for Kik, did you have the final say over all
8 things product?

9 A On paper, yes. Not always.

10 Q Is that -- are you getting back to sort of
11 the difference between the divisions that you and
12 Mr. Livingston had?

13 A Yes.

14 Q So at the end of the day, would
15 Mr. Livingston really, as the CEO, have final say over
16 products if he had a disagreement with you?

17 A Yes.

18 Q Did your job duties and responsibilities
19 ever change as chief product officer, like when Kik
20 pivoted towards focusing on an ICO?

21 A There was a clear -- let me provide some
22 context to answer that question.

23 Q Sure.

24 A There was a clear division of labor once
25 the idea was brought up that me, Eran as the chief

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1 on making sure that there is functionality within the
2 app as part of the TDE.

3 The initial product launch, motivation to
4 actually launch functionality as part of the TDE, was
5 part of a broader, I would say, concern or decision
6 that we should approach this event very different from
7 previous TDEs and ICOs. If compared to previous
8 companies that basically launched a white paper and
9 raised funds based on that, the company -- and I
10 remember very vividly, the company had discussions,
11 especially with Peter Heinke and also with our legal
12 counsels, that we should take --

13 MR. DEJARNETTE: We're going to advise you
14 not to get into any communications with counsel.

15 THE WITNESS: Sure. That we should take --
16 the decision was made at the end of the day by Ted that
17 we should take a conservative approach. And we should
18 launch functionality as part of the TDE. Very
19 different from other companies that just raised money,
20 but only solely based on the white paper.

21 So after the decision that was made -- and
22 I worked also on the IPL. I was very concerned around
23 launching functionality before we have clarity.
24 Clarity exactly how crypto fits into the lives of the
25 broader Kik Messenger app users. And because I'm a

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1 very bottoms up product person, I felt that we needed
2 to conduct much more research into better understanding
3 how crypto would change or would enhance the lives of
4 the Kik users instead of scaring them off.

5 At that point in time, both the technology
6 was never used on a mass scale. We were the first
7 company with millions of users that we would launch
8 crypto in. There were all kinds of technological gaps
9 and limitations that would translate into very bad user
10 experience for consumers; everything around scale and
11 latency.

12 So for example, imagine that a user in Kik
13 would be given some sort of Kin. And for that Kin,
14 they would need to use it to use some functionality
15 within the app. Because there is a latency issue,
16 meaning that it would take a very long time to go on
17 chain to actually have a confirmation of the
18 transaction, that would mean that I would, as a user,
19 tap the functionality.

20 And it would take a minute or two minutes
21 for the functionality to actually come into being.
22 That is unacceptable for me from user experience. So
23 from a technology perspective, this was something that
24 was not solved. I was very concerned in launching
25 something before we have technological solutions in

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1 generate, really important learnings on how to use the
2 initial product for the MVP, to then quickly iterate on
3 that and then build a robust solution within the app.

4 And that is also the reason why the minimum
5 viable product was introduced to a select few of our
6 users that showed interest in crypto in the first
7 place. Because the major concern that we had was that
8 if we need to educate the vast majority of Kik users
9 and then also introduce an experience, that would be
10 very, very difficult to do from the get-go.

11 We need to focus primarily on TDE
12 participants, fine. But primarily on those thousands
13 of users that showed they are interested in the crypto
14 project and journey and then learn from them what works
15 well and then generate that as learnings to build up
16 the next evolution of the IPL.

17 The IPL was built with the assumption --
18 which is very common in product development -- of agile
19 methodologies, which is a very iterative process. You
20 start with something which you know that is a very
21 strong hypothesis. You have a confidence in the
22 hypothesis around the MVP. And then you work very
23 quickly to add more and more layers of possible
24 experiences that generate additional hypotheses that
25 you can either prove or refute. And that then becomes

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1 place.

2 The second layer was even if we solved for
3 that, which we haven't yet, cryptocurrency provides a
4 new way to drive supply and demand and can open up new
5 potential experiences for users. But we simply didn't
6 know what these are. So we needed to approach that and
7 do a lot of research in better understanding why would
8 a teenager in the U.S. decide to use or not to use a
9 Kin in their app, acknowledging that the millions of
10 users already using Kik use it for a very specific
11 purpose. It could be multiple purposes.

12 But just dropping Kin into their lives can
13 actually make them leave Kik if not necessarily -- if
14 it's not clear and if the experience degrades
15 significantly. So I was very concerned about that.

16 Q Did you or anyone at Kik take steps to
17 address those concerns prior to the ICO in September
18 of 2017?

19 A So I don't -- first of all, this was top of
20 mind for me. I raised that concern multiple times.
21 Once the decision was made -- and I think from a
22 compliance perspective, I think it makes sense. You
23 know, that decision wasn't mine. Then I fully
24 understood. But I wanted to make sure that the IPL
25 touches only those that we know for sure that we can

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1 the product over time.

2 MR. GIBBS: I'm sorry. Can you read back
3 the question, please.

4 (Record read.)

5 MR. MITCHELL: Mr. Ben-Ari, you were using
6 the term "IPL" and "MVP." Are those interchangeable
7 terms to you?

8 THE WITNESS: Yes.

9 MR. MITCHELL: I think earlier you said
10 that there was a decision made to launch with
11 functionality. Did I understand that correctly?

12 THE WITNESS: Yes.

13 MR. MITCHELL: Why?

14 THE WITNESS: Why to launch functionality?

15 MR. MITCHELL: Why launch with
16 functionality?

17 MR. GIBBS: Do you understand the question?

18 THE WITNESS: Can you explain the question?

19 MR. MITCHELL: Did people discuss -- you
20 said people discussed the idea that Kik wanted to be
21 different from people who had run an offering without
22 functionality and wanted to have functionality, did I
23 understand that right?

24 THE WITNESS: Yes.

25 MR. MITCHELL: So why did it want that?

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1 When you talked to people at Kik, why did people at Kik
2 want that?

3 THE WITNESS: Thank you for clarifying the
4 question. I think the answer is less in my court
5 because I felt this came out of sessions -- privileged
6 sessions with our counsel -- legal counsels. And I
7 think it's a broader conservative approach that the
8 company took in which I am, again, just telling my
9 court from a financial perspective. But even as far as
10 I understood at the time, the way that we approached a
11 SAFT, the way that we approached doing the TDE not in
12 certain countries, the way we approached additional
13 components, in the way we approach the TDE, and also
14 within the product by saying we are launching, this is
15 not just a vision document.

16 We're actually going to launch something
17 from the get-go. And we have that group of users that
18 we can start building off with the product. That, I
19 think, means that it's a more conservative approach.
20 What exactly are the legal considerations, I don't
21 think I know enough. But that was our -- the advice
22 that we got.

23 MR. MITCHELL: Was there a business or a
24 product -- a reason that you wanted to -- that the
25 company wanted to launch with functionality?

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1 THE WITNESS: So from a product
2 perspective, I was opposed to launch functionality. I
3 was opposed because I was very concerned that if we
4 launched functionality -- and this could completely
5 change the way that Kik users interact with the
6 messenger -- they may not see enough value in Kik
7 Messenger. And we add new layers of friction that do
8 not exist there at that point in time. This will drive
9 them off.

10 That said, once the decision was made, I
11 said, okay, let's take full advantage of the situation.
12 The decision was not made by me. Now, let's also make
13 sure two criteria for the IPL -- or three criteria for
14 the IPL. One, make sure that we have a group of real
15 Kik users, not only TDE participants. And from that
16 group, we can generate learnings that we can then
17 evolve the product into.

18 And the third is that let's make sure that
19 we have a clear timeline around what's the next
20 iteration in IPL v.2 and v.3 and as we progressed over
21 time so we can start building the product along with
22 the insights that we generate.

23 MR. MITCHELL: You mentioned a decision
24 that was made. Was that the decision to have the MVP
25 that Kik eventually had?

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1 THE WITNESS: Yes.

2 MR. MITCHELL: Who made that decision?

3 THE WITNESS: I don't recall.

4 MR. MITCHELL: Before that decision was
5 made, did anyone other than you sort of make a business
6 argument for why there was an advantage to having this
7 MVP?

8 THE WITNESS: Yes.

9 MR. MITCHELL: Who?

10 THE WITNESS: So that was part of the I
11 think privileged discussions we had with our legal
12 counsel. And it was me, Dany Fishel, and Peter Heinke
13 as part of those discussions.

14 MR. MITCHELL: I apologize. There might be
15 a lawyer involved in those discussions?

16 THE WITNESS: Yes.

17 MR. MITCHELL: What lawyer?

18 THE WITNESS: Nancy. I don't remember her
19 last name.

20 MR. MITCHELL: Wojtas?

21 THE WITNESS: Yes.

22 MR. MITCHELL: Any other lawyers?

23 THE WITNESS: Karen. I don't remember -- I
24 don't know her name.

25 MR. MITCHELL: Ubell?

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1 THE WITNESS: I'm sorry?

2 MR. MITCHELL: Ubell?

3 THE WITNESS: I really don't know.

4 MR. MITCHELL: Did Nancy and Karen both
5 work at Cooley?

6 THE WITNESS: Yes.

7 MR. MITCHELL: So the two of them and the
8 three people from Kik were involved in that discussion?

9 THE WITNESS: Yes.

10 MR. MITCHELL: Outside of a discussion with
11 the lawyers, did Dany ever talk to you about a business
12 advantage that he saw to launching with the MVP that
13 Kik eventually launched with?

14 THE WITNESS: I do remember we discussed
15 the -- that we can generate learnings from this IPL or
16 MVP.

17 MR. MITCHELL: Anything else?

18 THE WITNESS: Not that I recall, no.

19 MR. MITCHELL: What about Peter Heinke?

20 Leaving aside when he talked with the
21 lawyers, did he ever talk to you with his view of a
22 business advantage to having a -- launching with the
23 MVP that Kik eventually launched?

24 THE WITNESS: Can you please clarify what
25 falls into the category of business -- when you say

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1 business?

2 MR. MITCHELL: Anything that would help the
3 company's business. Was there a reason to do this --
4 did he see some reason to do this that would help the
5 company's operations in business and its interactions
6 with the customers?

7 MR. GIBBS: I don't mean to interrupt, but
8 are you trying with that to exclude legal and
9 compliance reasons?

10 MR. MITCHELL: Yes. Right.

11 MR. GIBBS: That's what I think he needed
12 help with.

13 MR. MITCHELL: What I don't want you to do
14 is -- I don't want to ask you a question in which you
15 can attribute it to be saying, Peter Heinke told the
16 lawyers at Cooley, blah, blah, blah.

17 THE WITNESS: Okay. Thank you.

18 MR. MITCHELL: I don't want you to say
19 that. So on a -- leaving aside compliance issues, was
20 there a noncompliance -- did Mr. Heinke discuss with
21 you any noncompliance advantages that he saw to
22 launching with the MVP that Kik eventually launched
23 with?

24 THE WITNESS: Not that I recall.

25 MR. MITCHELL: Let me re-ask the same

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1 actually translates into value for them.

2 MR. LEASURE: Got it. So the goal is
3 through I iteration to discover what people might want
4 to do with crypto within the Kik world?

5 THE WITNESS: Yes.

6 MR. LEASURE: You don't know that until you
7 can do those I iterations?

8 THE WITNESS: Yes. All you can do is have
9 educated guesses based on a lot of contextual
10 background, research that already has been done. But
11 these are usually generated into hypotheses. And those
12 hypotheses are then used to build the MVP. That's why
13 it's a minimum viable product. And then you either
14 prove or refute the product. And then you continue to
15 integrate on it.

16 MR. LEASURE: You want that data and that
17 learning because it sounds like you overall had a
18 concern that introducing crypto into the Kik messaging
19 app could scare users off, I think was the phrase you
20 used?

21 THE WITNESS: Any new functionality that is
22 -- it's not necessarily around crypto. But imagine
23 that there is an ecosystem that exists and introduced
24 something very foreign into that ecosystem. That
25 ecosystem can be shaken. And if you do in a non, you

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1 question with Dany Fishel. Did Dany Fishel ever give a
2 noncompliance --

3 THE WITNESS: Yes. I do recall, as I said
4 earlier, that we could generate learnings from this and
5 then iterate on that. And then we could bridge the gap
6 between this crypto vision. And we already have a
7 messaging app with millions of users and just can speed
8 up the process with building the product.

9 MR. LEASURE: In terms of those learnings,
10 at a high level, how does that work?

11 THE WITNESS: It works on two different
12 levels; qualitative and quantitative. So quantitative
13 is how many people actually use the product or the
14 intended product. And by that, you can infer do they
15 actually understand the value. And you defer that if
16 they use the product, they also generate the value that
17 is associated with it. That's the quantitative layer.

18 The qualitative is that we had a plan to
19 also fall out with these thousands of users, and
20 especially with those that interacted very well. And
21 those that made the decision not to interact with the
22 new functionality and to really interview them and
23 survey them and ask them why. And once you generate
24 learnings around the why, then you can understand the
25 gaps that exist between this crypto vision and what

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1 know, white glove -- I would say almost like a white
2 glove service. It can really push people in and create
3 unintended consequences. Because the messenger app's
4 number one asset was the user base, you would not want
5 to shake that too early.

6 MR. LEASURE: Right. Until you know --

7 THE WITNESS: With confidence.

8 MR. LEASURE: Until you know what the user
9 base actually wanted to do with crypto?

10 THE WITNESS: Yes.

11 MR. LEASURE: And you needed I iterations
12 to know that? I am just trying to make sure I
13 understand. Is that right?

14 THE WITNESS: Yes.

15 BY MR. MURTHA:

16 Q Under what circumstances did you first come
17 to learn that Kik planned to do an ICO?

18 A As far as I recall -- and I'm not
19 100 percent sure -- I think it was right after I got
20 the role of the CPO, the chief product officer, and I
21 joined one of the management meeting sessions. And it
22 was raised there.

23 Q Had the decision been affirmatively made
24 that Kik was moving forward with the ICO at that
25 meeting?

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1 A No. It was raised as an option. Then in
2 the coming next few weeks, Erin Clift, the CMO, did a
3 lot of research and brought it to the table. And then
4 the decision was made by Ted and, I think, Fred.

5 **Q Going back to the management meeting that**
6 **you first learned about the ICO. Who was there?**

7 A The executive team. Ted Livingston; as far
8 as I remember, Peter, Erin Clift, Dany Fishel, me. I
9 don't remember about if other people were present or
10 not. Also, wasn't -- it wasn't -- I wasn't in person.
11 It was -- as far as I recall, I was in Tel Aviv
12 connecting remotely. So I don't think I saw everyone.
13 I assumed that these people were in the room.

14 **Q Did you have a reaction?**

15 A Yes.

16 **Q Tell me what your reaction was.**

17 A I think there was a mixed feelings around
18 it. On one hand, this was -- it was growing an
19 interest in crypto. And the way I think it was
20 explained and positioned by Ted made a lot of sense
21 around things that I knew Ted believed in and -- in the
22 previous eight and a half years around building
23 community and fighting the big monopolies of the world.

24 At the same time, I was very concerned like
25 any new technology that is not used by many companies

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1 on a mass scale. It comes with a whole set of concerns
2 and issues and gaps from a regulatory perspective,
3 technical user experience scale, latency, the whole
4 host of those. As a very practical person, I was
5 concerned about that from the get-go.

6 **Q Did the idea of Kik's daily and monthly**
7 **active user numbers declining come up during that**
8 **meeting?**

9 A I don't remember.

10 **Q Did the topic of Kik's financial state in**
11 **early 2017 come up during that meeting?**

12 A Yes.

13 **Q Tell me about that.**

14 A I think there was a decrease or -- in the
15 funds that the company had. I think we had enough
16 runway for -- as far as I remember, for another full
17 year. So that was raised during the meeting.

18 **Q Was that raised in conjunction with the**
19 **idea of doing an ICO to extend the runway by raising**
20 **funds?**

21 A Yes, I think so. This was one of the
22 reasons that this was raised. But it was only one out
23 of a few.

24 **Q What were the others?**

25 A I think it was the vision that Ted really

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1 believed in. That, yes, we have millions of users
2 using the app, but we can't break free from the
3 monopolies that exist out there around Facebook
4 dominating with Instagram and WhatsApp. I don't
5 remember if that was that meeting or the next meeting,
6 that I was very surprised to see that Snapchat is at
7 stagnation as well. Because Snapchat is perceived as a
8 very popular and growing app.

9 And so seeing that on a macro level made a
10 lot of sense from a vision standpoint that we should
11 dig down into crypto and it just may be a really great
12 way to realize that vision of a much more egalitarian
13 ecosystem.

14 **Q You mentioned at the meeting, you had mixed**
15 **feelings. At some point, did you change from having**
16 **mixed feelings to being really comfortable in embracing**
17 **the idea of an ICO?**

18 A No. Never.

19 **Q So you always had mixed feelings about the**
20 **ICO?**

21 A Yeah, I -- yes.

22 **Q And what was it about doing an ICO that was**
23 **on the negative side for you?**

24 A I think my main concern was crypto had a
25 lot of hype. And also just judging by some urban myths

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1 around the DAO and a bunch of those, I was very
2 concerned that we were going into uncharted territory
3 and we should be very conservative in our approach. I
4 didn't want us to do anything that wasn't, you know,
5 legitimate.

6 And I really felt that we have a deep
7 obligation towards our customers and our consumers.
8 And we need to be very conscious about the decisions
9 that we make and how we approach this entire project.
10 That's on the vision philosophy layer. On a lower
11 level, which is much more practical, I had -- the
12 sequence I raised earlier, how feasible it is to build
13 a really successful product and experience by
14 integrating crypto into a messaging app.

15 I'm sure it was possible. But I also know
16 that the timeline that was proposed for did not match
17 the time that I had in mind in really doing and
18 conducting the proper research in doing a bottoms up
19 approach.

20 **Q What timeline are you talking about?**

21 A At least six months.

22 **Q I'm sorry?**

23 A At least six months of doing proper
24 research before making a decision and generating those
25 hypotheses on how to better integrate.

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1 MR. LEASURE: What ideally -- we don't live
2 in an ideal world -- but ideally, what would that
3 research have looked like to you?

4 THE WITNESS: What are the steps?

5 MR. LEASURE: Yeah. Describe -- if you had
6 more time than the timeline you were given, what would
7 that research look like?

8 THE WITNESS: Okay. So like any ecosystem
9 -- and I think this dives down into my definition of
10 ecosystem -- the ecosystem is made up of multiple
11 stakeholders that are playing on a specific playing
12 field. The playing field for us was both within Kik
13 and outside Kik, right? It's the Kin. The Kin should
14 be integrated first within Kik. And there is a whole
15 set of research associated with that.

16 But also, even more importantly, Kin cannot
17 actually build an ecosystem. And this is integrating
18 to additional digital services. These two integration
19 layers -- this is a lot of research. One is you have
20 already a user base that has been using Kik for quite
21 some time, when you introduce new functionality that is
22 at infrastructure level. Why is that infrastructure
23 level? In my definition, because Kin can have the
24 potential to change any existing experience within the
25 messaging app.

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1 For example, when I call my friends, use
2 Kin. But that's ridiculous, right? Because I can call
3 my friends using any other app for free. So how do you
4 generate something that actually makes sense for
5 consumers? That's one single thing.

6 The second around, how we integrate, how do
7 we build the SDK independent to other digital services.
8 And how does that then generate a sum that is larger in
9 parts in terms of creating that ecosystem. So these
10 are just the Kin integration into Kik and outside Kik.

11 But there are additional stakeholders that
12 we look for from the get-go and how they fit into the
13 larger scheme of events. It's the brands. Kik had a
14 long-standing relationship with some very strong,
15 well-known brands out there. And what's exactly their
16 role and what's the benefits that we can provide them,
17 which is very different from the traditional
18 advertising model.

19 So is it around engagement, is it around
20 Nano transactions. We had a bunch of -- but that
21 necessitated a lot of research as well. The developer
22 community. So Kik had the bots platform and developers
23 developing bots. But there was no evident way that we
24 could provide real monetary value to these developers.

25 MR. LEASURE: Right.

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1 THE WITNESS: Right, without Kin. Kin was
2 for the first time the ability to provide them with
3 real value that they can create real experiences within
4 their own digital services but also for Kik. How does
5 that fit into the larger scheme of events.

6 MR. LEASURE: Got it. So you would want
7 research on the different sides of the ecosystem, both
8 inside Kik and outside of it?

9 THE WITNESS: Yes. In addition to that,
10 additional research had to be made around -- both from
11 a regulatory standpoint, and which I think at that
12 point in time was very unclear what is good enough in
13 terms of saying that we are not a security.

14 And the second part was around the -- I
15 would say the tech regulators. It's the Apple app
16 store. It's the Android Google store. Because when
17 you introduce such a fundamental change to your app,
18 it's also a very gray area that has not been regulated
19 by Apple and Google, and we want to make sure that we
20 are playing with them and not against them.

21 So when you lay upon all of these
22 stakeholders, I don't think we did -- we had enough
23 time to invest in really, deeply understanding what are
24 the levers that we have in place and what should be a
25 strategy -- a unified strategy.

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1 MR. LEASURE: Let's leave aside the
2 regulatory piece. Take that out. Just so we don't get
3 into lawyer stuff. Other than that, your preference
4 would be for that research to be done before the TDE?

5 THE WITNESS: No. Again, I -- in my mind,
6 we artificially connected between the research and the
7 product and the TDE itself.

8 MR. LEASURE: Can you explain that?

9 THE WITNESS: Due to a conservative
10 approach that was taken, we said we have to launch
11 functionality within the app as part of the TDE. My
12 approach is that we don't necessarily have to launch
13 anything. I would much rather do the research and do
14 it properly and make sure that we are loyal to -- yeah.
15 That's why the two are not connected.

16 MR. LEASURE: So you wanted the research
17 done, you were indifferent to whether it was done
18 before or after the TDE?

19 THE WITNESS: Correct. And I also wanted
20 to make sure as part of the TDE, part of the white
21 paper, part of the IPL, we -- it keeps on being on the
22 vision layer, the story we're telling the world. These
23 can-be examples of where the product could be. It's
24 nothing that is committing us to actually develop
25 anything specifically.

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1 Given that the decision that was made to
2 actually launch functionality, I said, okay, let's
3 focus on what we do know. We do know that expressive
4 content -- many of Kik users use expressive content.
5 We also saw that there was historical context around
6 the Kik Points project, and that they used a lot of
7 their points in order to buy and acquire expressive
8 content.

9 So let's launch that because that is a safe
10 -- with higher degrees of confidence, that is a safer
11 way -- place to start. But my initial -- like, my
12 inclination was you -- "you," meaning marketing
13 finance -- do whatever you need to do in terms of the
14 white paper, ICO, TDE, buy me time to build a product
15 in the bottom-up approach, taking into consideration
16 all of the relevant stakeholders in place.

17 MR. GIBBS: Can I clarify some terminology,
18 please. The witness has used the phrase "IPL" several
19 times. But to my ear, it sometimes sounds like IPO. I
20 just wanted to check with the reporter because he has
21 not, to my knowledge, ever used the term "IPO" in his
22 testimony. He's saying IPL.

23 MR. MURTHA: We agree. Thank you.

24 BY MR. MURTHA:

25 Q You had mentioned that you had wanted six

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1 the ICO. I don't know. I think it was more on Peter
2 and Erin's side why to postpone it. Also, it was
3 around the time that I uprooted my family from Israel
4 and moved to Canada. So I don't think the vast
5 majority of my attention was to the IPL.

6 Q What did you know generally about ICOs at
7 the time you learned about Kik's plans?

8 A Very little. Almost none.

9 Q In 2017, was there a lot of ICOs going on?

10 A I think so. Yes.

11 Q Did you have any knowledge or experience
12 with blockchain technology?

13 A Not at all.

14 Q And still don't?

15 A Still don't.

16 Q Did you have any knowledge or experience
17 with buying tokens in an ICO?

18 A No.

19 Q Do you now?

20 A I participated in the employees presale or
21 that pool. That's the only thing that I had.

22 Q So you currently -- do you currently own
23 Kin?

24 A Yes.

25 Q Do you own any other tokens?

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1 months of research. Was there somebody who was
2 advocating for a shorter timeline?

3 A I don't think there was a -- too much of a
4 discussion in terms of advocating for a shorter
5 timeline. The decision was made that we will be
6 launching this as an initial product launch. We'll
7 have functionality. And then we will figure out -- you
8 know, do the research in place. That's why we engaged
9 with Sylvain Labs in New York. And we did extensive
10 research around wallets or digital wallets. And so
11 once the decision was made, I don't think there was too
12 much discussion at the beginning.

13 Q I don't want to know about conversations
14 you had with lawyers. But I think you testified to
15 this earlier, but the takeaway was that you needed to
16 have the MVP or IPL in place in order to do the ICO; is
17 that right?

18 A Yes.

19 Q That was for compliance purposes?

20 A Yes.

21 Q Okay. Do you know why the time of
22 September was picked for the ICO?

23 A No.

24 Q Was there a discussions about delaying it?

25 A I think there was like an earlier date for

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1 A No.

2 Q All right. We've been going about an hour
3 now. So let's go off the record at 10:36 a.m.

4 (A brief recess was taken.)

5 THE VIDEOGRAPHER: The time is 10:52 a.m.

6 We may begin.

7 BY MR. MURTHA:

8 Q On the record at 10:53 a.m. after brief
9 bathroom break during which you had no substantive
10 conversations about this case with the SEC staff; is
11 that right?

12 A Correct. Yes.

13 Q Prior to the ICO, did the MVP that was
14 being considered for being functional at the time of
15 the ICO, did it change or evolve over time?

16 A Can you clarify the time frame associated
17 with change?

18 Q Yeah. So I mean, we'll get into some
19 documents. But it looks like there is discussions in
20 the form of the MVP in May of 2017, and then was that
21 the same product that ultimately was implemented on the
22 date of the ICO?

23 A Well, there is always a gap between what
24 you write in the required document and what's actually
25 feasible to build. And the gaps exactly, I don't

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1 remember.

2 Q Were there significant gaps between the --

3 A I --

4 Q Were there significant gaps?

5 A I don't think so.

6 Q So is it your understanding that the basic
7 framework of the MVP was set at the time that the white
8 paper was published?

9 A I don't recall exactly when it was framed.
10 I remember a separate discussion around the IPL. That
11 is it parallel to the white paper, I don't remember.

12 Q Can you tell me about that separate
13 conversation you just referenced?

14 A Yes. We had a few conversations and
15 back-and-forth. I remember that Ted and Jairaj had a
16 back-and-forth around the definition of what -- Jairaj
17 is one of the developer engineers -- on exactly the
18 stickers, that was one thing. There was correspondence
19 between me and marketing around the nature of the
20 stickers themselves and how to differentiate them from
21 other content we had in Kik.

22 So it is very clear this is something
23 different. And also the progression of the stickers as
24 you progress over on the different tiers of how much
25 Kin you have. So it could also embody a social

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1 recognition of different statuses. The more Kin you
2 have, the more sophisticated and detailed the sticker
3 becomes.

4 Q Are you talking about the badger sticker.

5 A Correct. Yes.

6 Q Tell me about the conversations you had
7 with marketing about how the stickers for the IPL or
8 MVP would be different from other content already
9 available on Kik?

10 A So we wanted to differentiate something
11 that -- let me explain the logic behind that. There
12 was a lot of expressive content within Kik already.
13 But in order to encourage someone to actually use the
14 sticker with Kin, we needed to create something which
15 felt like exclusive content that does not exist in
16 their regular pool. So that was the directive; create
17 something that doesn't exist. That's why, you know,
18 the badger was selected with I don't remember the
19 details around -- there was some components that were
20 different from all our other contents. And the people
21 that were involved were Phillip Yang who is -- used
22 to -- I don't know if he still is -- manages the
23 partnerships with content and partners. And I know
24 also Erin Clift and Hayeon.

25 Q Was there research done that you're aware

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1 of that showed that Kik users were interested in
2 expressing themselves through these badger stickers?

3 A Specifically around badger stickers, no.

4 Around expressive content, I think there was research
5 done. Two types of research were conducted. One was
6 the contextual broader research that was done by the
7 consumer insights team previously. One of their
8 biggest projects was around emojis. So there was a
9 full-blown research that was conducting that aspect.
10 And that exemplifies that the expressive content is
11 something that Kik users actually do.

12 In regards to specifically to the choice of
13 the content to be used in the IPL, Ronald Clifton
14 conducted research. And I know it was conducted. I
15 don't remember exactly what was there. But there was
16 -- it was primarily around usage of stickers as far as
17 I recall.

18 Q You had mentioned and I forget -- I think
19 you had said the consumer insights team had done
20 research around emojis; is that right?

21 A Yes.

22 Q Was that done as -- was that done prior to
23 the idea on conceptualization of an ICO?

24 A Yes.

25 MR. MITCHELL: Was that research about the

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1 desires of the people who use the Kik app?

2 THE WITNESS: Yes.

3 MR. MITCHELL: And Ms. Clifton's research,
4 was that also research about the desires of people who
5 used the Kik app?

6 THE WITNESS: As far as I recall, no. It
7 was primarily focused on the IPL and what can we learn
8 from the existing habits of Kik users in order to build
9 whatever initial functionality we intend to launch as
10 part of the IPL.

11 MR. MITCHELL: What research did
12 Ms. Clifton do?

13 THE WITNESS: As far as I recall,
14 Ms. Clifton was the analyst or data capacity role as
15 part of marketing. So she, I think, had looked at the
16 usage patterns -- as far as I recall, usage patterns,
17 looking at the different behaviors of using expressive
18 content within Kik.

19 MR. MITCHELL: That was usage patterns
20 within Kik?

21 THE WITNESS: Yes.

22 MR. MITCHELL: Did you ever become aware of
23 her doing research about people who weren't using the
24 Kik app and what they were looking for?

25 THE WITNESS: I am not aware of that.

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1 BY MR. MURTHA:

2 Q I'm going to hand you an exhibit that's
3 been previously marked as Exhibit 114. I'm also going
4 to mark for the record Exhibit 193.

5 (SEC Exhibit No. 193 was marked for
6 identification.)

7 BY MR. MURTHA:

8 Q For the record, Exhibit 114 is a multi-page
9 e-mail from Eran Ben-Ari to Ted Livingston, copying
10 others, that begins with the Bates label KIK_00103093
11 through 103097. It's a May 18th, 2017, e-mail at the
12 top. I'll just ask you to take a look at that e-mail.
13 Let me know when you're finished with it.

14 A Okay. Should I read only the first
15 document or also the second one?

16 Q You can take a look at the second document
17 if you'd like.

18 A Okay.

19 Q While you're doing that, for the record,
20 I'll try to reconcile or clarify the relationship
21 between Exhibits 114 and 193. It's our understanding
22 that under the May 18th, 2017, 10:15 p.m. e-mail on
23 Exhibit 114, there was a link to a Google document.
24 It's our understanding that that Google document was
25 produced by Kik in the form of Exhibit 193. I've

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1 numbers after a document that says "one TYF" sort of
2 highlighted on Exhibit -- on the front page of
3 Exhibit 193. Do you see that?

4 A Yes, I do.

5 Q So it's our understanding that this is the
6 Google document that was associated with your
7 10:15 p.m. e-mail in Exhibit 114.

8 A My main question is whether or not this was
9 the version that was shared at that point in time or
10 not because Google docs tend to change very often.

11 Q Sure. Did you -- do you have a specific
12 recollection of ever changing the Google doc referenced
13 in Exhibit 114 after sending it on May 18th?

14 A I don't have a recollection of me changing
15 it. But I do know that these types of documents
16 changed a lot.

17 Q They're sort of like living documents,
18 right?

19 A Yes. I don't know if this is the version
20 that was shared. I do not know.

21 Q Fair enough. Looking at the second page of
22 Exhibit 193, the first paragraph under alpha MVP, says,
23 "Crypto is a layer that we'll use to provide
24 experience, otherwise impossible in community chat.
25 But as much as it could be of great potential for

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1 included the metadata page in the beginning to show the
2 same Google Drive file as you can see on Exhibit 114.
3 And then the second page of Exhibit 193 begins the
4 actual Google document itself.

5 A Okay.

6 Q So focusing on the second e-mail on the
7 first page of Exhibit 114 that begins at 10:15 p.m.,
8 from you to Mr. Livingston and a handful of other
9 folks, including lawyers from Cooley. Do you see that?

10 A Yes.

11 Q You wrote, "Hi, all. I took the liberty to
12 write up a short spec for the MVP attached." And it
13 looks like you provided a link to a Google doc.

14 Does that appear consistent with what you
15 remember?

16 A Yes.

17 Q And then, as I explained earlier,
18 Exhibit 193, we understand to be the actual Google
19 document that you were linking to in your 10:15 e-mail
20 on Exhibit 114. Does that seem right to you?

21 A I'm not sure about that though.

22 Q Okay. Well, if you take a look at the
23 hyperlink for the Google document on Exhibit 114. And
24 then if you look at the first page of Exhibit 193,
25 under file name or file path, you see a series of

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1 building communities, it can also negatively impact Kik
2 users if not introduced in the right way. Kik intends
3 to introduce Kin gradually to Kik users using the short
4 and long process. A lot of experimentation and
5 customer validation."

6 So first, Kik intends to introduce Kin
7 gradually to Kik users. Is that what actually
8 happened? Did Kik gradually introduce Kin to its
9 users?

10 A I think it falls under that definition that
11 we introduce it first to only 1,000 users. Then that's
12 the first step in introducing it gradually. I left the
13 company before it was introduced to additional users.

14 Q So there was a -- Kik did gradually
15 introduce, during the time you were there, referencing
16 the 1,000 users to gradually introduce Kin?

17 A Yes.

18 Q Then you also wrote, using the short and
19 long processes.

20 What did you mean by the short process?

21 A This goes back to product development and
22 frameworks. When I joined the company, the company
23 used to work 4 to 6 months on new features and
24 functionality and launch them when they're completely
25 and fully baked. But they were, in the last 18 to

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1 24 months prior to me taking on the role of the CPO,
2 these were deemed not successful.

3 The short and long process was trying to
4 solve two different things. First is how can we launch
5 more and more functionality quicker and quicker and
6 quicker to test out hypotheses. That's the short.
7 Once we validate them, then we move on to long to build
8 it properly. So build a proper product.

9 **Q So specifically within the context of Kik's**
10 **ICO, what was the short process?**

11 **A** The short process was to -- again, the
12 short and long as a framework was used with the Kik
13 Messenger as a whole. Within the ICO, I think the IPL
14 falls into the definition of a short. We have a
15 hypothesis we want to prove. And we want to generate
16 learnings. And then we'll build the proper product
17 once we conduct the proper research.

18 **Q And then specifically with regard to the**
19 **ICO, what was the long process that you are**
20 **referencing?**

21 **A** At that point in time, there was no long
22 process yet. The way that the short and long works is
23 that only if you validate the outcome of a successful
24 short is that you have validated your hypothesis.

25 Then and only then, it moves into the long.

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1 The long then brings in additional stakeholders,
2 marketing, finance, legal, additional stakeholders.
3 And then you build a product also in the right manner
4 of a technical standpoint.

5 **Q Marketing, finance, legal. And was there**
6 **anyone else that you had mentioned that gets brought in**
7 **for the long process?**

8 **A** Those are the main stakeholders outside
9 product and engineering.

10 **Q During your time at Kik, what did marketing**
11 **do for the long process of the Kin ICO?**

12 **A** As we never advanced to the long, I don't
13 think they did anything as part of the long process.
14 They did have other contributions to the product
15 development in terms of research. But --

16 **Q Tell me about that.**

17 **A** So it's the -- they worked with the
18 external agency. So they lapsed on conducting the
19 initial research around wallets -- digital wallets. So
20 they did a lot of that.

21 **Q And then I guess the answer is the same on**
22 **what finance and legal did since you never got there,**
23 **they wouldn't have done anything or had anything to do**
24 **with the long process?**

25 **A** With the long process, no. And again, what

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1 I tried to convey here is that we are aligned to the
2 framework that we established. And I do know that the
3 IPL was a unique project in the sense that we did
4 involve marketing and finance and legal as part of the
5 IPL, which is very different from the regular way that
6 we developed products where we knew the guardrails and
7 we had a very clear playing field, and we'd just launch
8 new functionality.

9 And only if it was fully adopted and showed
10 signs of success, then we would bring in marketing to
11 build a go-to market plan. Then we'd bring finance if
12 there are costs associated with this new functionality
13 that we would take into consideration. And do we need
14 to change the privacy policy from a legal standpoint.
15 So that was more the long.

16 But the IPL was -- when I wrote this, my
17 intention was to make sure that we are focusing on a
18 lot of experimentation and customer validation. It was
19 less talking about how other stakeholders are involved
20 as part of the long process in the IPL because they
21 were involved already in the IPL.

22 **MR. MITCHELL:** You said this was a
23 different process. Why, in this instance, were all
24 those other people involved?

25 **THE WITNESS:** Because the guardrails around

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1 what to do was different.

2 **MR. MITCHELL:** In what way?

3 **THE WITNESS:** I think in terms of we had
4 much more legal guidance in terms of what should we do
5 and what we shouldn't do around the decisions around
6 the product functionality. Marketing was much more
7 involved because they were spearheading the vision
8 document and the white paper. And a lot of their
9 inputs then trickled into the IPL as well.

10 **MR. MITCHELL:** How did their inputs trickle
11 into the IPL --

12 **THE WITNESS:** For instance, Ronakda Clifton
13 did the research around which stickers we should focus
14 on.

15 **MR. MITCHELL:** Her research focused on what
16 would be attractive to users of the Kik app?

17 **THE WITNESS:** I think so, yes.

18 **MR. MITCHELL:** I know you had said that the
19 document wording changed in Google docs. Can you look
20 at the Exhibit 193. Is the description of the -- is
21 the description of the short spec for the MVP that's
22 here, does this substantially look like what you
23 proposed in May of 2017?

24 **THE WITNESS:** So I think there is some
25 points of divergence here. First of all, we had many

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1 more tiers and not just the five stated in this
 2 document.
 3 MR. MITCHELL: By the end? By September,
 4 you mean?
 5 THE WITNESS: Yes.
 6 MR. MITCHELL: In May though --
 7 THE WITNESS: In May?
 8 MR. MITCHELL: Yeah.
 9 THE WITNESS: I think this matches the
 10 definition in May, yeah.
 11 MR. MITCHELL: In the bottom of the page --
 12 that number in the bottom right-hand corner, lawyers
 13 call it Bates numbers. Do you see the page that has a
 14 number that ends in 620?
 15 THE WITNESS: Yes.
 16 MR. MITCHELL: At the bottom, there is a
 17 description of sticker packs will be of independent
 18 content creators, not brands, and will be provided by
 19 Phil and Ilan. Do you see that?
 20 THE WITNESS: Yes.
 21 MR. MITCHELL: Is Phil Yang who you
 22 mentioned before?
 23 THE WITNESS: Yes.
 24 MR. MITCHELL: Who is Ilan?
 25 THE WITNESS: Ilan was VP product in Tel

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1 Aviv.
 2 MR. MITCHELL: Did he run the Tel Aviv
 3 operations?
 4 THE WITNESS: No. Dany Fishel ran the Tel
 5 Aviv operations. He was involved in part in working
 6 together with Jairaj on building the IPL.
 7 MR. MITCHELL: What was Mr. Ilan's sort of
 8 general role? What did he do as VP of product?
 9 THE WITNESS: As VP product, at first, he
 10 focused on integrating the video chat app into Kik and
 11 then developing new functionality and new layers of
 12 expressive content on top of video chat.
 13 MR. MITCHELL: So he's just a coder?
 14 THE WITNESS: No. He's a product person.
 15 He is not a coder. He is not a technical person.
 16 MR. MITCHELL: Did he have people working
 17 for him?
 18 THE WITNESS: At that point in time, I
 19 don't think so.
 20 MR. MITCHELL: What was his role in the
 21 creation of the MVP or IPL?
 22 THE WITNESS: I think he was much more in
 23 the operational side of things, making sure that Jairaj
 24 actually delivers. And he was the main vehicle to
 25 connect between Phillip Yang and the content and make

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1 sure it's built in the right way together with Jairaj
 2 as far as I recall.
 3 MR. MITCHELL: He was the connection
 4 between Phillip Yang getting the stickers and the
 5 people who were actually doing the work inside the Kik
 6 app?
 7 THE WITNESS: Yes. And also, I think
 8 making sure that the flows within the IPL actually make
 9 sense from a user experience standpoint.
 10 MR. MITCHELL: Did you talk to him at all
 11 about the IPL and MVP and what people want?
 12 THE WITNESS: With Ilan, no.
 13 BY MR. MURTHA:
 14 Q So sticking with Exhibit 193, looking at
 15 the Bates page ending in 620, you see a sub-header
 16 called "objective" in bold?
 17 A Yes.
 18 Q So it reads, "The MVP objective is to
 19 satisfy compliance requirements."
 20 Do you see that?
 21 A Yes.
 22 Q Was the MVP's objective to satisfy
 23 compliance requirements?
 24 A Yes.
 25 Q Then looking down under the next header of

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1 experience, it reads, "Since a core requirement for the
 2 MVP is that there is a consumptive use of the token, I
 3 suggest the following user experience," and then you
 4 lay out a user experience.
 5 Do you see that?
 6 A Yes.
 7 Q What did you mean that a core requirement
 8 for the MVP is that there is a consumptive use?
 9 A This was a --
 10 MR. GIBBS: I just want to caution you not
 11 talk about advice from counsel. I'm not sure whether
 12 -- answer to the extent you can without getting into
 13 communications with counsel.
 14 THE WITNESS: So that would be difficult to
 15 answer the question.
 16 BY MR. MURTHA:
 17 Q So the only reason why you know what a
 18 consumptive use is related to the MVP is through
 19 conversations with counsel?
 20 A Yes.
 21 Q What counsel?
 22 A Nancy Wojtas from Cooley.
 23 Q Anyone else?
 24 A And Karen. I don't remember her last
 25 name -- from Cooley as well.

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1 Q You might have partially answered this --
2 or you might have answered this before, so forgive me
3 if I'm repeating a question. But looking at under the
4 experience, there is a series of bullet points; A, B,
5 C, D, E, F, G. Was that the MVP on day one of the ICO?

6 A No.

7 Q It wasn't. How was it different?

8 A So I would say two things here. One is
9 that I'm not entirely sure what actually was launched.
10 But I am certain that a few changes were made in terms
11 of conceptualizing what was actually built towards the
12 TDE. One is that we expanded in section B, instead of
13 having five tiers -- I think, as far as I recall, we
14 had ten tiers. Second thing is if you look at G,
15 non-token users will not be notified about how to
16 become token users as part of the MVP.

17 As far as I remember, we did discuss that
18 once a non-token user receives one of these premium
19 stickers and taps on that sticker, instead of going to
20 the sticker shop that exists on Kik, they are asked
21 whether or not they would want to be on the waiting
22 list to then be in the next pool of the next 9,000
23 users to be included in IPL v.2. Was that actually
24 built, I don't remember. I don't recall. But that was
25 a second major change.

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1 Let me check if there is an additional
2 thing. The third is that A, I think it was create a
3 wallet inside the Kik app. I think a wallet was not
4 created in Kik. A wallet -- an external wallet was
5 linked to the Kik app at the beginning. This is
6 different. And all you could see is a view of that
7 wallet in Kik. So that is also -- I think this was due
8 to technical issues. But I don't recall.

9 Q Customers would link their Ethereum wallets
10 to be able to see their Kin balance?

11 A Yes.

12 MR. LEASURE: Do you know what the
13 technical issues are that prevented there from being a
14 wallet created inside the Kik app?

15 THE WITNESS: No.

16 MR. LEASURE: That's not your department?

17 THE WITNESS: No.

18 MR. LEASURE: Who would know that?

19 THE WITNESS: Jairaj.

20 MR. LEASURE: J-a-i-r-a-j?

21 THE WITNESS: Correct.

22 BY MR. MURTHA:

23 Q I think you testified a few minutes ago
24 that you didn't know what the product was when it was
25 launched on the date of the ICO; is that right?

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1 A I don't recall what was launched as part of
2 the TDE.

3 Q Would you have known at the time?

4 A I'm not certain. I'll explain why.

5 Because this was just about the time that I needed to
6 take a week or two away by uprooting my family from Tel
7 Aviv to Toronto. So I was not as close and as hands on
8 as I would want to be.

9 Q So during the public sale of the Kin
10 tokens, you were dealing with personal family issues?

11 A Yes.

12 MR. MENDEL: Do you know if the product
13 changed --

14 THE WITNESS: May I just answer additional
15 part of the question. Sorry to interrupt you.

16 MR. MENDEL: That's okay.

17 THE WITNESS: In addition to that, also at
18 that time, I was managing 55 people. It was virtually
19 impossible for me to be involved in every single
20 decision that was made. So I delegated, you know, the
21 decision in what would be developed at the end as long
22 as it adheres to these guiding principals.

23 BY MR. MURTHA:

24 Q Who did you delegate that to?

25 A So it was the team working in Tel Aviv. So

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1 that is -- I think at that point in time just before
2 the TDE, Jairaj no longer worked on it. It was the Tel
3 Aviv team comprised of Yochai, Gadi, Martha, Or. These
4 are the four people that I think worked on it towards
5 the end and their respective teams.

6 MR. MENDEL: Do you mind spelling those for
7 me?

8 THE WITNESS: Yes. Martha, M-a-r-t-h-a.
9 Gadi, G-a-d-i. Or, O-r. Yochai, I think it's
10 Y-o-c-h-a-i. But I'm not sure.

11 MR. MENDEL: Do you remember approximately
12 the dates when you were occupied with moving?

13 THE WITNESS: Towards the end of August.
14 We moved on, as I recall, August 23rd. But then I took
15 another week or ten days right after the move. And
16 before that, we packed all our stuff. So during
17 September, a lot of my time was there.

18 MR. MENDEL: A lot of your time was where?

19 THE WITNESS: Was with my family.

20 MR. MENDEL: Are you aware of changes to
21 product that occurred after August 23rd?

22 THE WITNESS: I don't recall. I don't
23 remember.

24 MR. MENDEL: You don't remember whether any
25 occurred?

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1 THE WITNESS: Correct. Yes.

2 BY MR. MURTHA:

3 Q So you're not the only Kik -- former Kik
4 employee we've spoken to.

5 A Really?

6 Q I know, that's shocking, right? I'm going
7 to represent to you that at least one other former Kik
8 employee has testified that you were interested in a
9 richer user experience than what is written down in
10 Exhibit 193 under experience. Is that true?

11 A Can you clarify the question? Do you mean
12 by that saying that I was not satisfied with what was
13 launched in the IPL in terms of how rich the experience
14 was?

15 Q Yes.

16 A So I would answer this by saying two
17 things. One, we separated two key decisions. One is
18 should we launch functionality as part of the TDE or
19 not. Once that decision was made, I was satisfied from
20 a compliance perspective because it's not my domain.
21 And as long as it's constrained to a select
22 self-selecting 1,000 Kik users, that they want to take
23 part in the project, I'm fine with that.

24 Is that the full functionality that we
25 intend to build as far as the crypto? Absolutely no.

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1 But the intention was to evolve the product based on
2 this.

3 Q Based on the MVP or IPL?

4 A Based on the insights and learnings that we
5 learned from the MVP and the IPL.

6 MR. LEASURE: Who chose the MVP ultimately?

7 THE WITNESS: Can you clarify the question?

8 MR. LEASURE: Sure. Were there multiple
9 MVPs that were under consideration?

10 THE WITNESS: If you refer to the scope of
11 what was actually developed?

12 MR. LEASURE: I do.

13 THE WITNESS: So in terms of that, I think
14 there was again attorney-client privileges. This was
15 discussed as part of our discussions with our legal
16 counsel. I think the ultimate decision was made by
17 Ted.

18 MR. LEASURE: Okay. Thank you.

19 BY MR. MURTHA:

20 Q I'm going to hand you a copy of an exhibit
21 that I've just marked as Exhibit 194.

22 (SEC Exhibit No. 194 was marked for
23 identification.)

24 BY MR. MURTHA:

25 Q I'd ask you to please take a look at that.

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1 For the record, Exhibit 194 is a one-page e-mail
2 document bearing the Bates label KIK_00103267. It's a
3 -- the top e-mail is a June 10, 2017, e-mail from Eran
4 Ben-Aria to Martha Funston, copying Erin Clift, Peter
5 Heinke, Ted Livingston, Dany Fishel.

6 Have you had time to review Exhibit 194,
7 Mr. Ben-Ari?

8 A Yes.

9 Q First, have you ever seen this document
10 before?

11 A The document, yes.

12 Q Specifically looking at the June 5th, 2017,
13 10:11 e-mail that you wrote, do you recall writing that
14 e-mail?

15 A Yes.

16 Q You do. What do you recall?

17 A I recall writing this e-mail explaining the
18 scope and the objective of the MVP.

19 Q So focusing on the second paragraph of your
20 June 5th, 10:11 p.m. e-mail, you wrote, "This
21 definition was written with one purpose only,
22 compliance," in all capitals and bold, "this is not,"
23 in all capitals, "an MVP for product purposes nor to
24 satisfy any good user experience for crypto
25 participants. We discussed that once we integrate Kin

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1 into Kik, we will rebuild the entire product bottom up
2 and the MVP will not be used in any way."

3 Do you see that?

4 A Yes.

5 Q Did you mean that when you wrote it?

6 A What I meant was to express my ongoing
7 frustration with my lack of other executive team
8 members to accept my point of view. This is around the
9 decision to actually tie together both the product MVP,
10 the IPL as part of the TDE. That was the intention
11 written behind what I wrote here.

12 Q What did you mean when you wrote "this is
13 not an MVP for product purposes"?

14 A I meant that at that point in time, there
15 was a big difference for me between the functionality
16 that I would expect, as I explained in the long process
17 after doing months of research, and what was actually
18 intended to be built as part of the initial product
19 launch.

20 As we progressed over time, I think what
21 struck me is that I don't understand enough about the
22 legalities of the TDE. I accepted the decision that
23 functionality should be launched as part of the TDE.
24 And then I changed my world view or mindset that given
25 that this has been -- is -- needs to be done, let's

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1 also take full advantage for learnings coming out of
2 this product.

3 MR. MITCHELL: You thought it needed to be
4 done?

5 THE WITNESS: I understood that it was
6 needed to be done, yes.

7 MR. MITCHELL: Why? What made you think it
8 needed to be done?

9 MR. GIBBS: I'll caution you not to get
10 into the content of any attorney-client communications.
11 If you can answer, go ahead.

12 THE WITNESS: Yeah. Based on all our
13 discussions we had with our legal counsel.

14 MR. MENDEL: Apart from your discussions
15 with legal counsel, were there any other reasons why
16 you changed your world view?

17 THE WITNESS: Once we included the 1,000
18 Kik users that actually proactively said, we are
19 interested in the crypto project, I saw that there was
20 a lot of potential to speed up our learnings in order
21 to fully build the product and how to successfully
22 integrate Kin into Kik.

23 MR. MENDEL: Can you tell us more about
24 those 1,000 Kik users and where you learned about the
25 results of that?

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1 people who bought tokens in the TDE then linked their
2 wallet, you viewed that as success?

3 THE WITNESS: No. There were two different
4 user groups that were introduced as new functionality.
5 There were 10,000 TDE participants, which I had no idea
6 what's their motivation. And I didn't know if they
7 match or do not match the Kik user base. I was much
8 more focused on the 1,000 Kik users using and being
9 introduced to this new functionality as part of the
10 TDE. So when I said what I said earlier, I was focused
11 on the 1,000 Kik users.

12 MR. MITCHELL: Why are you more focused on
13 the Kik users?

14 THE WITNESS: Because I'm -- that was my
15 role at Kik, or how I perceived my role, to make sure
16 that once we integrate Kin into Kik, it provides value
17 to the mass millions of Kik users.

18 MR. MITCHELL: The messaging app users?

19 THE WITNESS: Yes.

20 MR. MENDEL: So those 1,000 users were
21 evaluated after the TDE; is that right?

22 THE WITNESS: Evaluated in what sense?

23 MR. MENDEL: In the sense that you
24 described earlier when you said you looked at the
25 numbers, that was after the TDE, correct?

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1 THE WITNESS: So I think there is another
2 document that defines exactly. I think it's Ronald
3 Clifton who defined the criteria. They have to be over
4 18. So they're adults and not teenagers. And they
5 showed somehow interest in the crypto project. And so
6 that's how they were selected as far as I recall.

7 And the intention was to launch this with
8 them. And in the few weeks right after the TDE, we
9 also had a quantitative data, as far as I recall, in
10 how many of them actually linked their wallet and how
11 many of them sent stickers within the Kik Messenger
12 app. So we were able to better understand if stickers
13 as the first use case actually made sense or not.

14 MR. MITCHELL: Did it make sense?

15 THE WITNESS: I think based on the usage.
16 I don't remember the exact numbers, but it was much
17 higher than 10 percent, as far as I recall. This was
18 deemed successful in proving that there was -- it was
19 interesting enough for those who showed interest in the
20 crypto project to actually play around with the new
21 functionality that was launched as part of the TDE.

22 MR. MITCHELL: Who deemed it successful?

23 THE WITNESS: When I looked at the numbers,
24 that was my thought.

25 MR. MITCHELL: That if 10 percent of the

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1 THE WITNESS: Yes.

2 MR. MENDEL: Can you remember any other
3 specifics about why you reached that judgment after you
4 looked at the numbers concerning the 1,000 users?

5 THE WITNESS: Based on my previous
6 experience in other companies and even in Kik, when you
7 launch new functionality, it usually falls into one of
8 three buckets. One is that it completely does not
9 resonate with users, meaning you see almost zero usage.

10 And the other extreme is that everyone
11 starts using. That's very, very, very rare that you
12 launch new functionality and it's, like, completely
13 adopted by everyone immediately. Usually it falls into
14 the third bucket, which is some of the users use the
15 new functionality, which means that there is enough
16 potential there to build upon that additional
17 functionality and layers of value. This specific
18 instance showed, I think, the third bucket.

19 BY MR. MURTHA:

20 Q I want to go back to a question I asked
21 before, but maybe just ask it a little more
22 specifically. I had asked you earlier what did you
23 mean by not an MVP for product purposes.

24 Is the product that you're referencing the
25 Kik messaging app?

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1 A No. What I'm referencing, I think, here
2 again is that I was frustrated with the fact that there
3 was a decision made to include new functionality within
4 Kik. That is crypto. And at that point in time, I was
5 struggling to come to terms with that decision.

6 Q So like, I'm not trying to be cute about
7 anything here at all. I'm literally trying to parse
8 this under. So you wrote, "This is not an MVP for
9 product purpose nor to satisfy any good user experience
10 for crypto participants."

11 So to me, it sort of seems like you're
12 trying to say, this is not an MVP for product purposes
13 for Kik app messaging users. And then the second part
14 of the sentence is "nor to satisfy any good user
15 experience for crypto participants."

16 So are you sort of distinguishing between
17 the two groups of people; crypto participants and Kik
18 users, or am I misreading that?

19 A The answer to that question is yes.

20 Q I'm misreading it?

21 A No. My answer is yes in the sense that I
22 did differentiate between the two groups of users. One
23 is the crypto participants. The second is Kik
24 Messenger.

25 Q Okay. Good.

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1 A For the mere fact that I had no idea who
2 those TDE participants are.

3 MR. MITCHELL: When you drafted this MVP
4 spec, you were not drafting something for product
5 purposes aimed at either of those groups?

6 THE WITNESS: I was drafting something for
7 -- to meet and satisfy the compliance conditions, yes.

8 MR. MITCHELL: So you were not drafting one
9 for product purposes aimed at either of those two
10 groups; is that right?

11 THE WITNESS: I think I was drafting
12 something for product because very quickly, I realized
13 that the decision had already been made. And then we
14 used it for -- definitely used it for learnings, you
15 know, to evolve the product. So I think, again,
16 everything I wrote here comes -- came out of
17 frustration around the executive team not listening to
18 me. That is why the language here is very, I would
19 say, direct and Israeli.

20 MR. MITCHELL: When you wrote this, you
21 meant it when you wrote it in June of 2017?

22 THE WITNESS: I meant what?

23 MR. MITCHELL: You meant what you --

24 THE WITNESS: The frustration? I meant the
25 frustration, yes.

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1 MR. MITCHELL: You meant what -- the words
2 you wrote here are what you meant to write in June --

3 THE WITNESS: It was more trying to say we
4 are very aware that we are now building functionality
5 after consulting with our counsels. And very quickly
6 then I also realized there is a learning opportunity
7 coming out of there.

8 MR. MITCHELL: You just learned this after
9 this e-mail -- your opinion --

10 THE WITNESS: I think I realized that after
11 the e-mail, yes.

12 MR. MITCHELL: Thanks.

13 BY MR. MURTHA:

14 Q So the next sentence reads -- still on
15 Exhibit 194 -- "We discussed that once we integrate Kin
16 into Kik, we will rebuild the entire product bottom up
17 and the MVP will not be used in any way."

18 Who was the "we" that you're referring to
19 in that discussion? Is it the folks that are on the
20 e-mail above; Ms. Clift and Mr. Heinke, Livingston, and
21 Fishel, those people --

22 A No. Actually, this was with Dave Simons,
23 the SVP of engineering. And I'll explain what I meant
24 by that. Jairaj, the engineer that started working on
25 the IPL, is by far one of the smartest, most capable

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1 engineers out there. And that said, he's a hacker.

2 And by being a hacker, he hacks his way through a
3 system and writes code that is unmanageable.

4 So we prioritize let's make sure that we
5 are launching something as quickly as we can and to --
6 in order to get and satisfy the conditions. But it
7 would not be used in terms of the term bottom up is
8 from a technical standpoint. We will need to rewrite
9 the code base. So this was discussed by me and Dave
10 Simons.

11 The broader context around that was that
12 Jairaj -- if you would ask Jairaj who managed you, I am
13 not sure he would be able to answer that question
14 because he was a floating individual within the
15 company. Sometimes he was managed by Dave Simons,
16 sometimes by Ted, sometimes by me.

17 It was a way to manage making sure that we
18 build a product in a robust way that could also scale
19 once we launch this and actually go on the gradual
20 release to many, many more users within the app.

21 Q Did you ever have conversations with
22 Mr. Livingston on the topic of whether or not the MVP
23 would be used in any way after the ICO?

24 A I don't recall having those discussions,
25 no.

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1 Q What about Mr. Heinke?

2 A Only those as part of those discussions
3 that we had with also our legal counsel, not
4 separately. I don't recall anything.

5 Q Mr. Fishel?

6 A With Fishel, I did have a separate
7 discussion. It was more -- I think he helped me
8 understand that this is a great opportunity for
9 conducting the short and doing learnings and coming out
10 of this 1,000 users, as far as I recall.

11 Q You've used the term "learnings" often.
12 And I am reading, "Once we integrate Kin into Kik, we
13 will rebuild the entire product bottom up and the MVP
14 will not be used in any way."

15 So that suggests to me it's -- it was built
16 for compliance purposes and didn't really have any use
17 after you rebuild the entire product after the ICO?

18 A I would say two things. First of all, many
19 times you launch things that you don't use. And that's
20 fine. You kill them and you move on, which is, I
21 think, absolutely reasonable. At that point in time,
22 we didn't know if it was going to be successful or not
23 or would be adopted or not. The point around not to be
24 used is much more from a technical standpoint than
25 anything else.

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1 Q But if a product is not going to be used in
2 any way, then how are you going to conduct these
3 learnings that you keep referencing?

4 A So again, it may be my articulation because
5 English is my second language. It's not as well. And
6 that compiled together with my frustrations at the
7 time, I should probably have written it in a different
8 way. But my intention was to make sure that Dave
9 Simons is fine with what we're building from a
10 technology perspective, that we will be rebuilding this
11 bottom up and technically more than anything else.

12 MR. MITCHELL: And just practically, in
13 this document, Exhibit 194, there is a mention two
14 thirds of the way down, AFAIK. Do you see that?

15 THE WITNESS: Yes.

16 MR. MITCHELL: Is that "as far as I know"?

17 THE WITNESS: Yes.

18 MR. MITCHELL: And then later in that
19 sentence, there is a discussion of Phil and Ilan.
20 Those are the same Phil and Ilan we discussed earlier?

21 THE WITNESS: Yes.

22 MR. MITCHELL: And then actually before

23 AFAIK, Jairaj is J-a-i-r-a-j?

24 THE WITNESS: Yes.

25 MR. MITCHELL: And then before Jairaj,

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1 there is N-a-n-a-c-y.

2 THE WITNESS: That is a typo. That is
3 Nancy Wojtas, the counselor.

4 MR. MITCHELL: From Cooley?

5 THE WITNESS: Yes.

6 MR. MURTHA: Let's go off the record at
7 11:44.

8 (Recess.)

9 THE VIDEOGRAPHER: 12:06 p.m., on the
10 record.

11 BY MR. MURTHA:

12 Q Back on the record at 12:06 p.m. after a
13 brief break during which you had no substantive
14 communications with the SEC staff about this case; is
15 that correct?

16 A Correct. Yes.

17 MR. MITCHELL: I'm just going to ask --
18 before we took the break, we had talked about this spec
19 for the MVP that you wrote in May of 2017.

20 Was that spec based on any market research?

21 THE WITNESS: The spec was based on market
22 research in -- if you are referring to Document 193?

23 MR. MITCHELL: The plan -- the ideas that
24 are in 193.

25 THE WITNESS: I'm not sure. But I think

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1 that the decision to focus on sticker packs was based
2 on the research that RONALDA CLIFTON did.

3 MR. MITCHELL: That was research that she
4 did about what would be attractive to people who used
5 the Kik app?

6 THE WITNESS: Yes. And introducing crypto
7 using the Kik app -- introducing crypto to Kik
8 Messenger users. Yes.

9 MR. MITCHELL: Okay. And I heard you about
10 the big-picture decision to use expressive content came
11 from that market research; am I right?

12 THE WITNESS: I think -- again, as I
13 explained earlier on, there was a lot of research that
14 was done and conducted. I gave examples of the emojis
15 that created a almost, I would say, truth within the
16 company that expressive content is something important.
17 And users are using it. And so it's -- I don't think
18 it's only the research that RONALDA CLIFTON conducted.

19 MR. MITCHELL: In looking at sort of the
20 details that are in Exhibit 193, sort of about
21 different status levels, things like that.

22 Is any of that based on sort of research
23 about what people would want, the idea of status?

24 THE WITNESS: Oh, status is something that
25 is very well known within messaging apps.

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1 MR. MITCHELL: That's useful when you're
 2 trying to attract people who are using messaging apps?
 3 THE WITNESS: Yes.
 4 MR. MITCHELL: And was any of your -- the
 5 spec that you drafted up here, was any of that based on
 6 market research done by CoinFund?
 7 THE WITNESS: I don't think so.
 8 MR. MITCHELL: Was any of your work based
 9 on market research about what people who were out
 10 buying tokens in ICOs would want?
 11 THE WITNESS: No.
 12 MR. MITCHELL: Thank you.
 13 THE WITNESS: Clarification. I built this
 14 spec primarily focused on Kik user base. I did not
 15 know what TDE participants want or do not want. It may
 16 have matched their interest, but I had no data or
 17 information to guide me in that decision.
 18 MR. MITCHELL: When you drafted it, did you
 19 have a goal of aiming it to TDE participants?
 20 THE WITNESS: My goal to make sure that we
 21 have a -- we satisfy the compliance purposes from a --
 22 make sure that there is consumptive use, and we
 23 actually create a real utility here for those that
 24 actually participate in this new functionality.
 25 MR. MITCHELL: When you drafted this, did

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1 in this MVP and IPL.
 2 MR. LEASURE: Would resonate with whom?
 3 THE WITNESS: The Kik user base.
 4 MR. LEASURE: So Ronalda studied what would
 5 resonate with Kik users?
 6 THE WITNESS: What she studied is -- and
 7 again, I think there is a Venn diagram that we don't
 8 know the answer to is that perhaps 100 percent of the
 9 TDE participants also matched the motivations that Kik
 10 users have. But we only had a circle data about the
 11 Kik user base.
 12 MR. LEASURE: Right.
 13 THE WITNESS: We looked at Kik user base,
 14 historical usage data, and we extrapolated from that
 15 what would make the most -- the best, you know,
 16 hypothesis that we have in place in order to build a
 17 new functionality.
 18 MR. LEASURE: Got it. Do you know what she
 19 did to perform this research?
 20 THE WITNESS: I think it is fair to assume
 21 that she queried the database. And she was very
 22 technical. She was a BI person, business intelligence.
 23 So she looked at -- I think at usage patterns of
 24 contents. But I am not -- I remember seeing the
 25 research. I don't remember what it was.

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1 you have any idea of what the people out in the world
 2 who were considering buying tokens in ICOs would want?
 3 THE WITNESS: I didn't have that
 4 information, no.
 5 MR. MITCHELL: Thank you.
 6 MR. LEASURE: You had referenced earlier
 7 today some subsequent information that -- and data that
 8 you received after what we see in Exhibits 114 and 194
 9 -- that gave you more information relevant to your
 10 evaluation of the initial product launch and the like.
 11 And I want to walk you through to see what
 12 we can -- what you can remember specifically about the
 13 information or data that you looked at.
 14 Let's start with: I understand there was
 15 some research prepared by Ronalda Clifton; is that
 16 right?
 17 THE WITNESS: Yes.
 18 MR. LEASURE: What can you tell me about
 19 that research?
 20 THE WITNESS: As far as I recall, the
 21 research was conducted prior to the TDE. As part --
 22 the decision was already made that we needed to launch
 23 functionality. As far as I recall, the research
 24 focused primarily on identifying which functionality
 25 would resonate the most when we introduce Kin into Kik

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1 MR. LEASURE: Okay. When you say "queried
 2 the database," you speculate or assume that she looked
 3 at preexisting data about what Kik users want?
 4 THE WITNESS: Yes.
 5 MR. LEASURE: To your knowledge, she didn't
 6 initiate an independent new survey of Kik users?
 7 THE WITNESS: I don't recall -- I don't
 8 know.
 9 MR. LEASURE: That's fair.
 10 THE WITNESS: I don't know.
 11 MR. LEASURE: What did -- at a high level
 12 from what you saw, what did the results tell you?
 13 THE WITNESS: The badger sticker is the
 14 outcome.
 15 MR. LEASURE: Got it. That -- and let me
 16 see if I can break that down to make sure I understand.
 17 The analysis showed that Kik users liked
 18 status and images; is that a fair summary?
 19 THE WITNESS: No.
 20 MR. LEASURE: Okay. The badger is the
 21 outcome. Can you unpack that for me?
 22 What do you mean by that?
 23 THE WITNESS: Yes. Again, I don't recall
 24 the specifics. But the fact that we focused at the end
 25 of the day on an expressive content that is different

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1 from the regular expressive content, and the mere fact
2 that we focused on the stickers and not on other types
3 of content -- like memes or GIFs or whatever it is --
4 was a conscious choice based on that research.

5 MR. LEASURE: Okay. So it informed the
6 type of expressive content that went into the initial
7 product launch?

8 THE WITNESS: Yes, with the assumption that
9 based on historical data, this will also create a real
10 utility or value for those that are exposed to this new
11 functionality.

12 MR. LEASURE: Amongst Kik users?

13 THE WITNESS: Amongst Kik users with a
14 question mark around whether or not this also satisfies
15 TDE participants.

16 MR. LEASURE: Understood. You didn't know
17 -- you referenced a Venn diagram before?

18 THE WITNESS: Yes.

19 MR. LEASURE: You didn't know if all Kin
20 purchasers would be Kik users, you didn't know if none
21 of them would be --

22 (Simultaneous speakers.)

23 THE WITNESS: Yes. The answer is yes.

24 MR. LEASURE: Okay. Now, I'm going to
25 stretch your memory a bit. What did the analysis that

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1 THE WITNESS: Shared. Yeah, I think so.

2 MR. LEASURE: Did you give comments or
3 feedback on it?

4 THE WITNESS: I don't remember.

5 MR. LEASURE: That's fine. Okay. Now, you
6 had also earlier today referenced some analysis or data
7 you had seen regarding -- what I wrote down is 1,000
8 users and information about them.

9 Do you recall that?

10 THE WITNESS: So post TDE, one of the key
11 questions we asked ourselves is: Was this new
12 functionality that we launched actually used both by
13 the 1,000 Kik users and the 10,000 TDE participants?

14 MR. LEASURE: Okay. And let me unpack --
15 let me just clarify a few things there. The new
16 functionality you're describing there are the stickers?

17 THE WITNESS: Yes.

18 MR. LEASURE: The 1,000 users that you're
19 referencing, those are 1,000 Kik users?

20 THE WITNESS: Yes.

21 MR. LEASURE: Who are they?

22 THE WITNESS: Who are the 1,000 Kik users?

23 MR. LEASURE: Yes. Are they people who
24 bought Kin, are they people who downloaded the
25 stickers, who are we talking about?

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1 you saw from Ms. Clifton look like?

2 THE WITNESS: Again, this -- RONALDA
3 Clifton at that point in time reported to marketing.
4 Marketing is Erin and Hayeon. And Phil was also part
5 of the partnership team that reported to marketing. So
6 I defined the scope of the IPL. But marketing took
7 lead in terms of exactly what should be the expressive
8 content.

9 So I was not a decisionmaker in saying,
10 yes, no, whatever it is. And I think that's the main
11 reason I don't remember much. I trusted them and said,
12 okay, makes sense. I trust your role. You have been
13 doing research for many years. Sounds reasonable.

14 MR. LEASURE: I appreciate that. And I was
15 asking -- I poorly asked something different. So let
16 me ask you in a better way.

17 THE WITNESS: Okay.

18 MR. LEASURE: Is what you looked at from
19 RONALDA Clifton through the marketing team, was it a
20 Google document, was it a formal report, was it data?

21 Can you picture what it is you saw?

22 THE WITNESS: As far as I remember, I think
23 this was a Google document.

24 MR. LEASURE: Something that might have
25 been e-mailed around with the hyperlink?

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1 THE WITNESS: Well, first of all, they were
2 not teenagers. They were 18-plus. That was a very
3 conscious decision. I think most of them showed
4 interest in -- they were either power users -- and
5 power users meant that they were using Kik very often,
6 and there were a set of criteria there, or they showed
7 interest in the Kin project.

8 MR. LEASURE: So those people were
9 identified post TDE -- those 1,000 Kik power users were
10 identified post TDE?

11 THE WITNESS: No. They were identified
12 prior for selection criteria. Then they were
13 introduced to the new functionality as part of TDE.

14 MR. LEASURE: And then separately, as part
15 of this, there was also an analysis of the 10,000 TDE
16 participants; is that right?

17 THE WITNESS: Yes.

18 MR. LEASURE: Who did this analysis?

19 THE WITNESS: I think it's Odedbet-Aev. Do
20 you want me to spell it?

21 MR. LEASURE: I wouldn't mind. Thank you.

22 THE WITNESS: O-d-e-b-e-t, dash, A-e-v.

23 MR. LEASURE: Does he work in your group or
24 some other area?

25 THE WITNESS: He was an analyst in Tel

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1 Aviv.

2 MR. LEASURE: Did he report up to you?

3 THE WITNESS: Yeah. He reported -- yeah --

4 in the product team in Tel Aviv.

5 MR. LEASURE: Do you know what he did?

6 THE WITNESS: He queried the right database

7 as well. We implemented -- he instrumented the new

8 functionality with relevant events -- technical events.

9 Once a specific action is conducted by a specific user,

10 then it sends an event to our servers. That is stored

11 in our database. Then he would query that database

12 afterwards to generate a report.

13 MR. LEASURE: Can you give me an example of

14 an event that --

15 THE WITNESS: I linked the wallet. I send

16 a sticker.

17 MR. LEASURE: Send a sticker. Something

18 relevant for your analysis, he could just see if that

19 action had taken place?

20 THE WITNESS: Yes.

21 MR. LEASURE: Do you know if he reached out

22 to any Kik users or TDE participants and asked them

23 questions?

24 THE WITNESS: I assumed Odedbet-Aev didn't

25 do that. But perhaps other people on the team may have

Page 95

1 done that.

2 MR. LEASURE: But his analysis was focused

3 on querying whether certain mechanical actions, like,

4 relating to a wallet or a sticker did or didn't take

5 place?

6 THE WITNESS: Yes.

7 MR. LEASURE: This was -- I hate to be

8 repetitive, but I just want to make sure we're

9 unpacking. This was post TDE that you did this work?

10 THE WITNESS: Yes.

11 MR. LEASURE: And this is separate and

12 apart from the analysis that Ms. Clifton did?

13 THE WITNESS: Yes. Very different.

14 MR. LEASURE: Can I show you a document?

15 THE WITNESS: Sure.

16 BY MR. MURTHA:

17 Q I'm handing you what we have marked as

18 Exhibit 195.

19 A Okay.

20 (SEC Exhibit No. 195 was marked for

21 identification.)

22 BY MR. MURTHA:

23 Q Which is a multi-page document, bearing the

24 Bates label beginning with KIK_00041642 through 41646.

25 MR. LEASURE: Take a look at Exhibit 195,

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1 and let me know when you're ready. I'll identify it

2 for the record. It's a multi-page document with the

3 header, "IPL Phase One Remaining Tasks."

4 My first question is going to be: Do you

5 recognize this document?

6 THE WITNESS: Yes, I do.

7 MR. LEASURE: What is it?

8 THE WITNESS: It's a document that

9 documents the remaining tasks for IPL phase one. What

10 I do not recall is if this was post TDE or prior to the

11 TDE.

12 MR. LEASURE: I see. So do you know -- a

13 few moments ago, we had referenced some analysis done

14 by your colleague, Oded --

15 THE WITNESS: Yes.

16 MR. LEASURE: Do you know if this is his

17 analysis or not?

18 THE WITNESS: Based on the comment, I think

19 it is.

20 MR. LEASURE: Which comment?

21 THE WITNESS: You see comment number one on

22 41643 on top, right-hand side.

23 MR. LEASURE: I see it.

24 THE WITNESS: I assume this is his

25 analysis.

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1 MR. LEASURE: Okay. Do you recall

2 reviewing this document when you worked at Kik, or a

3 document like this?

4 THE WITNESS: No.

5 MR. LEASURE: Let me point you to a few

6 titles in here. First, under "objectives," do you see

7 that on the first page?

8 THE WITNESS: Yes.

9 MR. LEASURE: It writes, "In order to get

10 to 10,000 Kin users within 90 days post TDE, we need to

11 increase the number of," and then three bullets follow.

12 Do you see that.

13 THE WITNESS: Yes.

14 MR. LEASURE: The second bullet says,

15 "Awarded Kik users claiming award and sending Kin

16 users." I'm wondering if you can unpack that for me.

17 Why was that an objective?

18 THE WITNESS: I don't know. I didn't write

19 this document.

20 MR. LEASURE: You don't know who wrote this

21 document?

22 THE WITNESS: I don't.

23 MR. LEASURE: Was there an effort to

24 increase the number of users claiming the award in

25 sending Kik Kin stickers?

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1 Does any of that ring a bell?

2 THE WITNESS: They may have. And I don't

3 think that's odd. I mean, in any new functionality we

4 ship out, we have all kinds of optimization efforts.

5 MR. LEASURE: Okay. If I could point you

6 to the second page, "Tasks." I'm reading from the top.

7 "Tasks TDE participants. Collect data and insights.

8 Quantitative owner. Oded."

9 Do you see where I'm reading?

10 THE WITNESS: Yes.

11 MR. LEASURE: And then some data follows.

12 Are you able to give me any context of what this data

13 is and how it was derived, just looking at the

14 document?

15 THE WITNESS: So it's a funnel -- as far as

16 I can see or interpret what's written here, the purpose

17 is to figure out where are the key drops in the funnel.

18 So there are a bunch of series of steps that you need

19 to take in order to take full advantage of the

20 functionality that was launched as part of the IPL. I

21 think that the values in this table state the different

22 steps.

23 MR. LEASURE: Can you explain that to me?

24 THE WITNESS: So for example, if you look

25 at the upper part of the table, account of registration

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1 date is a proxy for how many out of the 10,115, did

2 some sort of an action, which I don't know what it is.

3 Last settings button tapped is a proposed action of

4 starting -- I think starting that flow.

5 Then Kin balance shows -- and I think link

6 wallet shows. And these are the different steps that

7 you need to take in order to link your wallet.

8 MR. LEASURE: Got it. Okay. There is a

9 reference under -- do you see above the table, there is

10 a reference -- a bullet point that says "results" and

11 then "Mailchimp."

12 THE WITNESS: Yes.

13 MR. LEASURE: Are you able to give me

14 context on that? What is Mailchimp?

15 THE WITNESS: Mailchimp is an e-mail

16 service. In this specific context, I think there was

17 an e-mail that was sent -- either to both groups or to

18 the TDE participants only, I don't know -- in order to

19 encourage them to follow through on the new

20 functionality.

21 MR. LEASURE: So some e-mail blast was sent

22 to either or both the 1,000 Kik power users and/or the

23 10,000 TDE participants?

24 THE WITNESS: Yes.

25 MR. LEASURE: Does this reflect the results

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1 of that, or is this something else?

2 THE WITNESS: I don't know.

3 MR. LEASURE: Who was in charge of that

4 e-mail blast through Mailchimp?

5 THE WITNESS: I don't remember who was in

6 charge. It's anywhere between Oded, Natasha or --

7 these are the main people that I would say were

8 involved in that effort.

9 MR. LEASURE: I see both of their names on

10 this document, right? Natasha and Oded, I mean.

11 THE WITNESS: Yes.

12 MR. LEASURE: Stepping aside from this

13 document, because it seems like you don't really

14 recognize or remember this document; is that right?

15 THE WITNESS: Yes.

16 MR. LEASURE: Earlier today, we talked

17 about your view of the initial product launch and how

18 it may have -- how your view may have changed or

19 evolved over time. Do you remember that?

20 THE WITNESS: Yes.

21 MR. LEASURE: Post -- after the TDE, what

22 data do you recall looking at that may have influenced

23 your view of the initial product launch and possible

24 next steps?

25 THE WITNESS: Once we did the TDE, we

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1 already had almost fully specced out IPL v.2. So we

2 were already in the process of starting to build the

3 next version of the IPL. And the only data that I

4 recall is the data somewhat similar to the data here

5 that there is a significant percentage of TDE

6 participants and Kin users that interacted well with

7 the new functionality.

8 MR. LEASURE: The stickers?

9 THE WITNESS: The stickers. And the Kin

10 wallet, which made me, again, fall into the third

11 bucket that I expressed earlier in terms of the product

12 decisionmaking framework. But there is enough

13 potential here to move forward.

14 MR. LEASURE: It sounds like that -- I

15 think you had used the term earlier that it had

16 validated the short product, or in other words, that

17 validated the initial product that was introduced in

18 your mind?

19 THE WITNESS: It validated to the extent

20 there was enough -- it validated to the extent that I

21 knew, looking at the data, it was very clear that this

22 is not like a complete miss. Was this validating the

23 entire functionality? Probably no. We're not there

24 yet.

25 MR. LEASURE: Sure. And I think -- did I

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1 understand you right that by the time of the TDE, you
2 guys were planning IPL version 2?

3 THE WITNESS: Yes.

4 MR. LEASURE: What did that look like at a
5 high level?

6 THE WITNESS: IPL v.2, first of all, we
7 made it very clear that we needed to get on chain.
8 This was an off-chain solution. The second major
9 change or addition was that in IPL v.1, the primary
10 focus was on spending. And it was on the, you know,
11 getting Kin. And IPL v.2 was more on earning and
12 spending Kin. So that was I think the two major
13 changes.

14 The third was to expand the reach towards,
15 I think, nine additional thousand Kik users to have
16 more people involved in the process.

17 MR. LEASURE: Any other big picture things
18 for version 2 --

19 THE WITNESS: I don't recall anything else.

20 MR. LEASURE: How about wallets?

21 Was wallets a part of version 2?

22 THE WITNESS: That part is not clear to me.
23 I don't recall.

24 MR. MITCHELL: The 1,000 users -- were
25 there 1,000 users who eventually Kik gave some Kin

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1 it actually launched? I don't know.

2 MR. MENDEL: We talked before about the
3 work done by RONALDA Clifton.

4 THE WITNESS: Yes.

5 MR. MENDEL: Do you have a memory of when
6 approximately you saw that work by her?

7 THE WITNESS: Before the TDE. But I don't
8 know when. I think it was prior to making the decision
9 around the badger stickers. But I don't know in terms
10 of timeline.

11 MR. LEASURE: So thank you. We've tried to
12 clarify the stuff you saw prior to the TDE and post
13 TDE. And Counsel, you were helpful with that.

14 Is there anything you want to ask him to
15 clarify in any of this?

16 MR. GIBBS: No.

17 MR. LEASURE: Okay. Thank you.

18 MR. MURTHA: I think we're just kind of
19 like at a natural breaking point. It's 12:30, and at
20 the risk of pulling a Brent, I'm going to take us off
21 the record at 12:32 p.m.

22 (Recess.)

23 THE VIDEOGRAPHER: We're on the record at
24 1:32 p.m.

25 BY MR. MURTHA:

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1 tokens to?

2 THE WITNESS: At what point in time?

3 MR. MITCHELL: After the TDE.

4 THE WITNESS: After the TDE or at the TDE?

5 MR. MITCHELL: At the TDE.

6 THE WITNESS: As far as I recall, yes.

7 MR. MITCHELL: When did they learn that
8 they were going to get Kin tokens?

9 THE WITNESS: I don't know. I don't
10 remember.

11 MR. MENDEL: Was IPL 2 or some aspect of it
12 rolled out?

13 THE WITNESS: Ever?

14 MR. MENDEL: Yes.

15 THE WITNESS: So I left the company. So I
16 think it was rolled out. But I don't know for sure.

17 MR. MENDEL: Was it rolled out in any way
18 before you left?

19 THE WITNESS: As far as I recall, I don't
20 remember. Again, I -- just in terms of timeline,
21 beginning of December -- I was officially still working
22 for Kik until the beginning of January. But I had no
23 communication with the company from beginning of
24 December. That's in terms of timeline. I know that
25 the team in Tel Aviv worked very hard on IPL v.2. Was

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1 **Q On the record at 1:32 p.m. after a lunch**
2 **break during which you had no substantive**
3 **communications with the SEC staff about this case; is**
4 **that right?**

5 A Yes.

6 **Q Thank you. Were you involved with drafting**
7 **or reviewing any sections of the Kin white paper?**

8 A I was involved during the right -- the end
9 of the process as part of the Tel Aviv offsite in
10 finalizing the product section.

11 **Q Tell me about your involvement.**

12 A My involvement was to review just the draft
13 section was that already drafted. I remember a meeting
14 with Will Peled -- I think also Ilan was there in the
15 room -- to go through the use cases out of the six.

16 My main concern was how can we keep this as
17 a vision document that is not committing us to build
18 anything, but rather explore this as possible use cases
19 or examples within the product.

20 **Q Who had the final say on what went into the**
21 **product section of the white paper?**

22 A Ted Livingston, like any other section.

23 **Q And I think you just mentioned this. But**
24 **the white paper included perspective use cases?**

25 A Yes.

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1 Q And you wanted to make sure that that was
2 the case?

3 A What was the case?

4 Q That it was perspective use cases. You
5 didn't want to limit yourselves to --

6 A Those were possible use cases of showing
7 how the ecosystem may evolve into. But not committing
8 us to actually do the work because I think we lacked
9 the relevant research to see if these indeed turn out
10 to be something that can create real value for the
11 users.

12 Q Did you actually put pen to paper, or did
13 you actually revise specific sections of the product
14 section of the white paper?

15 A In terms of the wording, could be. I don't
16 remember. Could be. I remember all of us working on
17 the same document.

18 MR. MITCHELL: Mr. Ben-Ari, did the white
19 paper make any promises about what Kik would add as
20 features to the Kik app?

21 THE WITNESS: I think that is a question
22 that you need to ask whoever read the white paper not
23 what was the intention when it was written. I was only
24 able to make sure that within our internal circles, the
25 white paper is being kept on the vision level and not

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1 through 27 -- sorry, 28. And you can feel free to flip
2 through it. But my first question is going to be:

3 Have you ever seen this document before?

4 A That answer is yes.

5 Q Does this appear to be a copy of the Kin
6 white paper?

7 A Yes.

8 Q Let's turn to page 12. Bears the Bates
9 label KIK 12. KIK 12. Toward the bottom of page 12,
10 do you see where there is bold writing that says, "Kik
11 economy and perspective use cases"?

12 A Yes.

13 Q If we flip the page, and we can just sort
14 of flip through these next few pages, it looks like we
15 see a handful of use cases, right?

16 A Yes.

17 Q We have a VIP chat with Selena Gomez,
18 right?

19 A No. Selena Nobez.

20 Q I'm sorry. Selena Nobez. Wrong Selena.
21 We have premium user generated content,
22 right?

23 A Yes.

24 Q And shout out messages and tipping?

25 A Yes.

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1 committing in terms of the understanding internally.
2 Compared to other white papers that were written, then
3 that was the main reason why I was, you know, willing
4 to move forward with this is that there may be a gap
5 between what's written in the white paper and what
6 actually comes into being in other TDEs.

7 MR. MITCHELL: You didn't want that to
8 happen here?

9 THE WITNESS: What I wanted was to make
10 sure that what we are committed to build is something
11 that is substantiated based on fact-based research that
12 was missing at that point in time. And therefore,
13 whatever is written there, which is a vision document,
14 which is fine from a marketing perspective, and we are
15 not committing ourselves to build anything in
16 particular.

17 MR. MITCHELL: That's how you understood
18 the white paper at the time?

19 THE WITNESS: Yes.

20 BY MR. MURTHA:

21 Q I'm going to hand you a document that's
22 been previously marked as Exhibit 2. Exhibit 2 is a
23 multi-page document entitled "Kin, a Decentralized
24 Ecosystem of Digital Services For Daily Life."

25 It begins with the Bates label KIK 000001

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1 Q The pizza bot. Why were these example use
2 cases used?

3 A I don't know because I didn't come up with
4 these examples.

5 Q Who did?

6 A I think it's a combination between
7 CoinFund, Cointree, marketing, and Ted.

8 Q Did you -- in your position as the chief
9 product officer, did you think that these were good use
10 cases to include in the white paper?

11 A I had serious concerns because of lack of
12 research that this is not based on anything -- it could
13 turn out to be true, but could turn out to be something
14 that didn't prove itself.

15 Q Was the MVP known at the time that the
16 white paper was published?

17 A Can you define what "known" is?

18 Q Well, I think we had earlier looked at some
19 documents, Exhibit 114 and the -- in Exhibit 193, which
20 are on -- took place on May 18th, 2017.

21 Do you see that?

22 A Yes.

23 Q Exhibit 114. Where you're linking over to
24 Exhibit 193 --

25 A Yes.

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1 Q So does it appear that this is -- an
2 outline of the MVP was known as of the time of the
3 white paper?

4 A Yes.

5 Q How come that wasn't included as one of the
6 example use cases, the wallet and the stickers?

7 A Because this is a very different document.
8 This is a vision document, and the entity the real
9 product that we're launching. And the gap between the
10 two is exactly why, I think, there was a decision that
11 was not made by me not to include it in the white
12 paper.

13 Q Who made that decision?

14 A Which decision?

15 Q The decision not to include the MVP in the
16 white paper.

17 A I think it's worthwhile asking Erin and the
18 people who wrote this document, which is CoinFund,
19 primarily, Erin Clift, and Ted Livingston.

20 Q If it were up to you, would you have
21 included the MVP in this document?

22 A No.

23 Q Why not?

24 A Because this is a real product. And this
25 is a vision document saying these perhaps could be use

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1 ability to use Kin within the digital app. The SDK is
2 the technical component to integrate.

3 MR. MITCHELL: So Kik was planning for that
4 by the time the white paper was written?

5 THE WITNESS: I think there were initial
6 either thoughts or, like, more substantial planning
7 done at that time.

8 MR. MITCHELL: What is an API?

9 THE WITNESS: An API is like an entry
10 point. It's a hook that you connect into another
11 digital service.

12 MR. MITCHELL: That's different from an
13 SDK?

14 THE WITNESS: Yes. SDK is a piece of code
15 that you implement within your web app or application.
16 An API is a code you write within your app. You don't
17 integrate anything. You just write it. And that then
18 talks with another API. And that handshake then
19 creates that linkage.

20 MR. MITCHELL: Thank you.

21 BY MR. MURTHA:

22 Q You've referred to the white paper several
23 times as a vision document. As the chief product
24 officer for Kik at the time the white paper came out,
25 who did you view the target audience of this white

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1 cases that this product could be involved into. The
2 MVP is the real product that we're launching. It's the
3 real thing.

4 Q Why not tell people that's the real product
5 that's going to be launched? If they're purchasing
6 tokens in the ICO, wouldn't they want to know the
7 actual use case?

8 A So I think, again, it really depends what
9 -- why people are reading the white paper and what
10 additional communication channels we have with the TDE
11 participants and what's the motivation, you know,
12 taking part in the TDE. When you focus on the white
13 paper, you focus on where this ecosystem is going to
14 evolve into.

15 When you focus on the product, product is
16 almost an operational thing that this is the foundation
17 of where this community should evolve into. There is
18 also additional things, I think, in the white paper
19 around digital services. We didn't disclose any of
20 our -- you know, beginning working on the SDK at that
21 point in time.

22 MR. MITCHELL: What's an SDK?

23 THE WITNESS: It's a technical acronym for
24 a technical component that you can integrate into your
25 app. The Kin SDK is supposed to allow you for the

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1 paper to be?

2 A Potential TDE participants. And I think
3 the general public in the sense of PR, media, other
4 chat apps that were interested in looking where Kin is
5 -- or Kik is evolving into.

6 Q Kik users?

7 A If by any chance Kik users learned about
8 Kin, then, yes. But I don't think there was any
9 proposed action in the white paper itself to tell Kik
10 users this is how we intend to launch this Kin project.

11 Q So only to the extent Kik users also
12 happened to be potential participants in the ICO, do
13 you view this vision document as being targeted to
14 them?

15 A Yes.

16 MR. LEASURE: So the MVP isn't referenced
17 in this document, correct?

18 THE WITNESS: Correct.

19 MR. LEASURE: How, if at all, were TDE
20 participants told about the MVP, do you know?

21 THE WITNESS: So I think this bounces back
22 off one of your previous questions around Mailchimp. I
23 think there was e-mail correspondence that was sent to
24 those TDE participants.

25 MR. LEASURE: When they signed up for the

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1 TDE?

2 THE WITNESS: I think so. But I'm not
3 clear about the specifics.

4 MR. LEASURE: That's fine. Any other way
5 do you know of?

6 THE WITNESS: Yeah, I'm not sure if a
7 portion of the notification was sent as well. I don't
8 recall.

9 MR. MITCHELL: Do you know if the Mailchimp
10 e-mail that you're thinking about was sent before or
11 after people received their Kin tokens?

12 THE WITNESS: I don't know. But I think it
13 was before. I think it was before.

14 MR. MITCHELL: But it was after they
15 registered for the sale, but before they received them?

16 THE WITNESS: Yes, I think so.

17 MR. MITCHELL: Do you know who did that
18 work?

19 THE WITNESS: I think it was Odedbet-Aev
20 and Natasha, the same and all -- the same group that
21 worked on, you know, the instrumentation of data.

22 BY MR. MURTHA:

23 Q Did Kik's ICO involve an initial presale to
24 accredited investors and then a public sale later in
25 time?

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1 record is a multi-page document entitled, "Kik
2 Interactive, Inc., Confidential Private Placement
3 Offering Memorandum," bearing the Bates stamp KIK
4 000037 through 65. I'll ask you to take a look at that
5 document.

6 And my first question will be: Have you
7 seen this document before?

8 A Yes.

9 Q Do you need more time to review it, or I
10 can just direct us to certain places?

11 A You can direct to certain places.

12 Q Okay. So let's go to page 3, which ends in
13 Bates label 43. Do you see that?

14 A Page 3, yes. 43, yes.

15 Q At the bottom, it says, "Initial launch of
16 Kin and the Kin ecosystem." Do you see that?

17 A Yes.

18 Q It reads, "At the time of the public token
19 distribution event, the Kik messaging application will
20 have the following functionality, the 'minimum viable
21 product.' A Kik user who owns Kin will be able to
22 create a wallet inside the Kik app. The wallet will be
23 accessible via the settings menu within the Kik
24 messaging application using a private key.

25 "Only by entering the private key, a Kik

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1 A I think so.

2 Q Do you know what documents were provided to
3 presale investors?

4 A I know the SAFT existed. I don't know if
5 it was -- who exactly -- I think everyone was exposed
6 to that. I don't know exactly when it was exposed. I
7 think there was another document. I remember one.

8 Q Private placement memorandum?

9 A That makes a lot of sense, yes.

10 Q Were you involved with reviewing or
11 drafting any portions of the private placement
12 memorandum, which we can refer to as a PPM, if you're
13 good with that?

14 A I am good with that. I do remember that
15 the entire executive team had to review the SAFT and,
16 like, DocuSign it. So we did all read it. About the
17 PPM, I don't remember. But as you can see, I do
18 remember there was another document. I'm not sure I
19 actually reviewed it. But I did not make any changes
20 as far as I recall.

21 Q Did the MVP concept make it into the PPM,
22 to your knowledge?

23 A I don't remember.

24 Q I'm going to hand you a document which has
25 been previously marked as Exhibit 4, which for the

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1 user will be able to see his or her wallet, including
2 the Kik user's Kin balance, send/receive premium
3 stickers, functionality, and Kin status. Each Kik user
4 who has a Kik wallet will be categorized into 1 of 5
5 categories of status based on the number of Kin held by
6 that Kik user.

7 "A Kik user who has a wallet will be
8 eligible to use premium sticker packs based on his or
9 her status. Premium sticker packs will be created by
10 independent content creators, not brands. A Kik user
11 who has a wallet will be able to send any of his or her
12 premium stickers to any Kik user." Then it goes on.

13 Do these paragraphs under the initial
14 launch of Kin and the Kin ecosystem describe the MVP as
15 it was planned as we had been looking at earlier in
16 Exhibit 193, generally?

17 A Yes, I think so.

18 Q Do you know why the concept of the MVP was
19 provided to the accredited investors in the private
20 sale, but -- via the PPM, but were not included in the
21 white paper to public sale participants in the ICO?

22 A No.

23 Q Did you have any discussions with anybody
24 about that?

25 A No.

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1 MR. LEASURE: How did the final MVP change,
2 if at all, from what was described in this PPM?

3 THE WITNESS: As far as I recall, there
4 were more than five different tiers. I think there was
5 ten different tiers, as I said earlier. And in terms
6 of the wallet, I think there was the ability to link
7 the wallet and see the balance within Kik. But not --
8 I think the definition of what exactly is the wallet
9 inside Kik may have changed since then.

10 And as I said earlier on, I think in the
11 last pieces of -- if a Kin holder sends one of those
12 premium stickers to another Kik Messenger user and that
13 user taps on that sticker, then it goes through a flow
14 to invite them to a waiting list. But I'm not sure
15 this was actually launched as part of the MPP or not.
16 I know there were discussions around that, the three
17 major differences.

18 MR. LEASURE: Thank you.

19 BY MR. MURTHA:

20 Q I'm going to hand you a copy of what was
21 perviously marked as Exhibit 36, which for the record
22 is a July 25th, 2017, letter to Pat Chaukos,
23 C-h-a-u-k-o-s, of the Ontario Securities Commission,
24 from W. Ross F. McKee of the Blakes law firm.

25 MR. MENDEL: Let me know when you've had a

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1 part of his update?

2 MR. GIBBS: I just want to caution you if
3 Mr. Heinke was relaying communications from counsel in
4 his report to the management crew, then you should not
5 disclose what Mr. Heinke said. If he said something
6 that was not relaying a report from counsel, then
7 you're --

8 THE WITNESS: The only thing I remember is
9 that we are -- or the company is approaching the OSC.
10 I don't remember specifics about it.

11 MR. MENDEL: Around this time, so late
12 July 2017, were you involved in discussions about the
13 MVP within Kik?

14 THE WITNESS: Yes, I think so.

15 MR. MENDEL: Can you turn to the back.
16 You'll see on the page marked page 6. And it says,
17 "Appendix A, Initial Kin Functionality."

18 If you could just take a second and read
19 through it.

20 THE WITNESS: Okay. Okay.

21 MR. MENDEL: Did you have a chance to look
22 at it?

23 THE WITNESS: Yes.

24 MR. MENDEL: Have you previously seen
25 anything that looks like the description written under

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1 chance to look at it, and I'll ask you some questions.

2 THE WITNESS: Okay.

3 MR. MENDEL: Have you ever seen the letter
4 before?

5 THE WITNESS: No.

6 MR. MENDEL: Have you ever seen any prior
7 draft of the letter?

8 THE WITNESS: No.

9 MR. MENDEL: Do you know what the OSC is,
10 the Ontario Securities Commission?

11 THE WITNESS: Sounds similar to SEC, but
12 only in Canada; is that true?

13 MR. MENDEL: There is similarities. So
14 were you aware around this time frame -- you'll see
15 it's dated July 25th, 2017 -- were you aware of any
16 efforts to contact the Ontario Securities Commission on
17 behalf of Kik?

18 THE WITNESS: I think Peter Heinke updated
19 us in one of the exec meetings that this is happening.

20 MR. MENDEL: Do you recall when that exec
21 meeting would have taken place?

22 THE WITNESS: No.

23 MR. MENDEL: Was it before July 25th, 2017?

24 THE WITNESS: I don't recall.

25 MR. MENDEL: What did Mr. Heinke say as

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1 Appendix A?

2 THE WITNESS: It's the combination of I
3 think the IPL v.1 and v.2 together. So I have seen the
4 definition of IPL v.1 and v.2. The combination of
5 their proposed scope meets what is described in this
6 document.

7 MR. MENDEL: So just for clarification, v.1
8 is -- you're referring to the IPL or the product that
9 was included in the TDE in 2017, and the version 2 was
10 not, as far as you know, correct?

11 THE WITNESS: The version 2 was planned to
12 be launched 90 days post TDE, as it's written here.

13 MR. MENDEL: Where does it say 90 days?

14 THE WITNESS: It says in the second line,
15 "Expected by Kik to comprise of approximately 10,000
16 users within 90 days of the launch."

17 MR. MENDEL: Okay. Was that second version
18 actually effectuated?

19 THE WITNESS: I don't know. I wasn't part
20 of the company.

21 MR. MENDEL: Okay. So did you previously
22 see a version of this?

23 THE WITNESS: A version of this document?

24 MR. MENDEL: A version of the Appendix A --
25 of the description within Appendix A.

<p style="text-align: right;">Page 122</p> <p>1 THE WITNESS: A combined version, no. I</p> <p>2 don't think I've seen that.</p> <p>3 MR. MENDEL: Did you have any role in</p> <p>4 drafting any portion of Appendix A?</p> <p>5 THE WITNESS: In Appendix A, no. I had a</p> <p>6 role in drafting a version of the IPL v.2 scope.</p> <p>7 MR. MENDEL: Do you have any understanding</p> <p>8 why the version that appears as Appendix A was drafted?</p> <p>9 THE WITNESS: No.</p> <p>10 MR. MENDEL: If you compare it to the MVP</p> <p>11 that was included in Exhibit 4, that's on page 3 of</p> <p>12 Exhibit 4, they're different, correct?</p> <p>13 THE WITNESS: Correct.</p> <p>14 MR. MENDEL: Does the term -- I'm looking</p> <p>15 back at Appendix A, initial Kin functionality, have the</p> <p>16 same meaning as MVP that's included in Exhibit 4?</p> <p>17 THE WITNESS: I don't know because I didn't</p> <p>18 write it.</p> <p>19 MR. MENDEL: Were you aware at the time in</p> <p>20 July of 2017 of any difficulties that Kik thought it</p> <p>21 might have in executing the MVP that's included in</p> <p>22 Exhibit 4?</p> <p>23 THE WITNESS: Executing in terms of</p> <p>24 building the functionality?</p> <p>25 MR. MENDEL: Correct.</p>	<p style="text-align: right;">Page 124</p> <p>1 Ethereum wallet of each user?</p> <p>2 THE WITNESS: I don't know.</p> <p>3 MR. MENDEL: So as the product was rolled</p> <p>4 out at the time of the launch, which functionality --</p> <p>5 what is included in terms of the wallet?</p> <p>6 THE WITNESS: As I said, I don't know to</p> <p>7 be, like, certain. And I think that there was the</p> <p>8 ability -- the functionality was the ability to link</p> <p>9 your Ethereum wallet to Kik Messenger and see how many</p> <p>10 Kin you have as part of the view -- the web view that</p> <p>11 you would have within the app. I'm not certain about</p> <p>12 whether or not everything was managed through a master</p> <p>13 wallet or not.</p> <p>14 BY MR. MURTHA:</p> <p>15 Q You participated in the Kin TDE as an</p> <p>16 employee of Kik, right?</p> <p>17 A Yes.</p> <p>18 Q Did you ever link your Ethereum wallet to</p> <p>19 the Kik app?</p> <p>20 A No. I think I tried. I think I tried.</p> <p>21 I'm not sure I was successful from a user experience</p> <p>22 standpoint.</p> <p>23 MR. MENDEL: Did you have difficulty doing</p> <p>24 the link?</p> <p>25 THE WITNESS: I don't remember. I remember</p>
<p style="text-align: right;">Page 123</p> <p>1 THE WITNESS: The only part that was not</p> <p>2 completely clear was around the wallet itself, how can</p> <p>3 we actually build the wallet, should people just link</p> <p>4 the wallet. I think that was the part that was</p> <p>5 missing. I think at the end, as it's written in</p> <p>6 Appendix A, I think they was then building the master</p> <p>7 wallet at the beginning.</p> <p>8 MR. MENDEL: So can you just explain a</p> <p>9 little bit more what you meant about the problem with</p> <p>10 the wallet?</p> <p>11 THE WITNESS: Yes. So it's very technical,</p> <p>12 I think, probably more than anything else. I don't</p> <p>13 think I'm the right person to answer that. From a user</p> <p>14 experience standpoint, it meant that it was very</p> <p>15 difficult to build an off-chain wallet for every</p> <p>16 individual user at the time and also store real Kin in</p> <p>17 that off-chain wallet.</p> <p>18 Because of that, there was one master</p> <p>19 wallet where all the Kin went to, and you would only</p> <p>20 link your Ethereum wallet or whatever you wanted to</p> <p>21 use. And then based on that, that would be used as a</p> <p>22 proxy on how many Kin you have. That would then unlock</p> <p>23 the relevant status in terms of the sticker packs.</p> <p>24 MR. MENDEL: With the master wallet, as</p> <p>25 you're describing it, would that link to the separate</p>	<p style="text-align: right;">Page 125</p> <p>1 I tried. Maybe it was just I didn't have the time.</p> <p>2 MR. MENDEL: Didn't work out?</p> <p>3 THE WITNESS: Yeah.</p> <p>4 MR. MENDEL: So I just want to look at a</p> <p>5 section of the letter itself. Can you turn to page 3?</p> <p>6 THE WITNESS: Are you referring to</p> <p>7 Exhibit 36?</p> <p>8 MR. MENDEL: Yes, I am. Exhibit 36,</p> <p>9 page 3. Can you look at the bottom where there is a</p> <p>10 subheading called "Token Launch." Do you see that?</p> <p>11 I'll just read. It states, "The public</p> <p>12 sale of Kin known as the token distribution event will</p> <p>13 occur only once Kik has completed developing the</p> <p>14 initial integration of Kin within Kik, including a Kin</p> <p>15 digital wallet and certain initial relevancy functions</p> <p>16 of Kin for Kik users within the Kin ecosystem giving it</p> <p>17 immediate volatility."</p> <p>18 Then there is a footnote next to</p> <p>19 "ecosystem," footnote 3. And under footnote 3, it</p> <p>20 says, "For a description of the initial functions of</p> <p>21 Kin, please see Appendix A."</p> <p>22 And that is what we were just looking at,</p> <p>23 right?</p> <p>24 THE WITNESS: Yes.</p> <p>25 MR. MENDEL: Was this your understanding of</p>

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1 when the token distribution event would occur after
2 developing the initial integration that's described in
3 the letter?

4 THE WITNESS: Can you clarify the question?

5 MR. MENDEL: Sure. So do you agree with
6 the sentence that the token distribution event would
7 occur only once Kik has completed developing that
8 initial integration of Kin within Kik?

9 THE WITNESS: If you define the IPL as the
10 initial integration into Kik, then, yes, I agree with
11 that.

12 MR. MENDEL: Do you know what was meant by
13 initial integration of Kin within Kik?

14 THE WITNESS: No.

15 MR. MENDEL: Did you ever use the phrase
16 initial integration by Kik?

17 THE WITNESS: Not that I'm aware of.

18 MR. MENDEL: So going back to Appendix A,
19 I'll read the first paragraph that appears. "At the
20 time of the Kin launch, in addition to the Kin sold in
21 the token distribution event, Kik plans to award Kin to
22 a select group of Kik users (expected by Kik from
23 approximately 10,000 users within 90 days of the
24 launch) who are active within Kik.

25 "Kik's current plans for it to continue to

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1 THE WITNESS: I think the 1,000 Kik users
2 that we were talking about earlier today were rewarded
3 Kin, not the additional 9,000 that are part of the
4 approximately 10,000 users within the first 90 days of
5 the launch. So I think the functionality was there,
6 but it was not gradually then evolved into the full
7 10,000.

8 MR. MENDEL: Your understanding is that the
9 1,000 people were rewarded Kin?

10 THE WITNESS: I think they were supposed to
11 be awarded Kin, yes.

12 MR. MENDEL: I'm going to move on to the
13 second paragraph and the third paragraph. "Reward Kin
14 awarded to Kik users will be held initially in a single
15 wallet controlled by Kik or the Kik master wallet. Any
16 reward Kin will be allocated to the Kik user's balance
17 within the Kik master wallet.

18 "Kin allocated within the Kik master wallet
19 or Kin held by Kik users in the wallet established
20 outside of Kik will establish each holder's Kin
21 balance. In this initial stage, no transactions
22 between Kin holders will take place within Kik."

23 Does this describe your understanding of
24 how the master wallet was supposed to work in the
25 July 2017 time frame?

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1 reward Kin to such select group of users as well as new
2 users. At the initial launch stage, Kin will be
3 awarded in Kin's discretion, though Kik may advertise
4 the availability of certain predetermined awards to Kik
5 users. The Kin awarded to Kik users during this
6 initial product launch is referred to as building
7 reward Kin."

8 Does this paragraph accurately describe
9 Kik's plan at the time for reward Kin?

10 THE WITNESS: According to which time
11 frame?

12 MR. MENDEL: According to the July 2017
13 time frame when this was written.

14 THE WITNESS: As this is written in the
15 second line, this is not only the launch of initial
16 functionality as part of the TDE, but also involves the
17 additional functionality to initial users in the first
18 90 days post TDE. But if we're talking about both IPL
19 v.1 and v.2, yes.

20 MR. MENDEL: So as far as you know, this
21 wasn't actually implemented during the launch in
22 September of 2017?

23 THE WITNESS: Which part was not?

24 MR. MENDEL: The reward -- the whole
25 paragraph about the reward Kin.

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1 THE WITNESS: Yes.

2 MR. MENDEL: Was the Kik master wallet
3 different than the wallet created by a Kik user who
4 owns Kin?

5 THE WITNESS: That's a hypothetical
6 question. I don't know how to answer that.
7 (Simultaneous speakers.)

8 MR. MENDEL: I'm going according to the
9 language that's in Appendix A. There is language that
10 says -- in the first line, second paragraph. "Single
11 wallet controlled by Kik or the master wallet."

12 And then the second sentence refers to Kin
13 held by a Kik user in a wallet established outside of
14 Kik.

15 THE WITNESS: If you're referring to
16 outside of Kik, then it definitely is different.

17 MR. MENDEL: And do these sections describe
18 -- the ones that I just read -- how Kin would be
19 distributed during the token distribution event?

20 In other words, there is -- the sections
21 describe Kin being allocated in the master wallet and
22 Kin being assigned to individual wallets. Does that
23 describe how the process worked?

24 THE WITNESS: No.

25 MR. MENDEL: How is that wrong?

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1 THE WITNESS: I think this focuses
2 primarily on Kik users only, that Kik and the Kin
3 foundation decided to award these 1,000 users a certain
4 amount of Kin. It has nothing to do with the TDE
5 participants, some of which could be Kik users. And
6 they have their own external wallets. And there is a
7 different mechanism that transfers Kin into their
8 wallets. This is very specific to Kik users that were
9 selected for the first 1,000 group.

10 MR. MENDEL: Skip that next long paragraph,
11 paragraph 4. Go to the fifth paragraph. Do you see
12 that? It starts with "at this initial stage?"

13 THE WITNESS: Yes.

14 MR. MENDEL: It states, "At this initial
15 stage, Kin holders can only earn additional Kin, not
16 spend it. There will be no cost in Kin to sending the
17 unique Kin earned stickers."

18 So this initial stage, we're still
19 referring to the launch that -- the first launch of the
20 Kin, correct?

21 THE WITNESS: I don't know because I didn't
22 write this document. I don't know what was the
23 intention here.

24 MR. MENDEL: Okay. Do you have an
25 understanding how Kin holders would earn additional

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1 So in the July 2017 time period, was it
2 expected that when the token distribution event
3 occurred that Kin holders would not be able to spend
4 Kin?

5 MR. GIBBS: Same objection.

6 MR. MENDEL: You can answer.

7 THE WITNESS: Spend Kin where?

8 MR. MENDEL: In the way that you just used
9 it. So I asked you what you meant by -- what you
10 thought -- meant by spending Kin. And your answer
11 was --

12 THE WITNESS: If you're referring to spend
13 Kin within Kik, that was, at that point in time, at the
14 point of the TDE, was not possible. That said, as
15 stated here, within the first 90 days post TDE, there
16 was a commitment to allow both earning and spending
17 mechanisms within Kik for anyone who had Kin.

18 MR. MENDEL: Understood. But before that
19 phase that occurred within 90 days, there was no
20 opportunity to spend Kin within Kik; do I have that
21 right?

22 THE WITNESS: Yes.

23 MR. MENDEL: And was that, in fact, the
24 case at the time of the launch in September of 2017,
25 that there was no opportunity for holders of Kin to

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1 Kin?

2 THE WITNESS: No. I don't know.

3 MR. MENDEL: Do you know what it means --
4 Appendix A means when it says, "At this initial stage,
5 Kin holders would not be able to spend Kin"?

6 THE WITNESS: Yes.

7 MR. MENDEL: What does that mean?

8 THE WITNESS: Even if I have in an external
9 wallet a certain amount of Kin, that cannot be used in
10 order to exchange out for any expressive content, for
11 example. The amount of Kin unlocks a status that comes
12 together with Kin. But when I send the sticker, I
13 don't spend any Kin for that. We lock the technical
14 mechanism within the app at that point in time.

15 MR. MENDEL: So at the time -- this was
16 drafted in July of 2017 -- was that, in fact, the case?

17 Was it anticipated that Kin would not be
18 able to be spent by Kin holders?

19 MR. GIBBS: Objection to form.

20 MR. MENDEL: I can try to do better with my
21 question.

22 MR. GIBBS: I just -- can I ask a
23 clarifying question?

24 MR. MURTHA: At the end.

25 MR. MENDEL: Let me try to restate it.

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1 spend Kin within Kik?

2 THE WITNESS: I think. But I'm not sure.

3 MR. MENDEL: That was your expectation,
4 correct?

5 THE WITNESS: Yes.

6 MR. MENDEL: Was it your expectation at the
7 same time that Kin holders would be unable to trade Kin
8 in any form within Kik?

9 THE WITNESS: Can you clarify what is trade
10 Kin within Kik, please?

11 MR. MENDEL: Would they be able to do
12 anything with the Kin? Would they be able to transfer
13 it in any way with anybody else within Kik?

14 THE WITNESS: If they would have sent Kin
15 through their external wallet to another Kik user, then
16 yes. That's possible.

17 MR. MENDEL: So going with what you just
18 said. If they were to use their external wallet, then
19 there was an opportunity to move Kin; is that right?

20 THE WITNESS: Yes.

21 MR. MENDEL: Can you explain how that would
22 work a little bit?

23 THE WITNESS: Very similar to how any
24 wallet works. I have an address, and I send relevant
25 tokens to that address.

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1 MR. GIBBS: I think you're getting a very
2 garbled record. Can we ask him to step out for two
3 seconds while I just as -- I want to ask him a
4 clarifying question, not the witness.
5 MR. MURTHA: That's fine. Let's go off the
6 record. We're off the record at 2:15.
7 (Discussion off the record.)
8 THE VIDEOGRAPHER: Back on the record at
9 2:18. You may begin.
10 BY MR. MURTHA:
11 Q Back on the record at 2:18 after a brief
12 break during which you had no substantive conversations
13 about this investigation with the SEC staff; is that
14 right?
15 A Yes.
16 Q Thank you.
17 MR. MENDEL: A few more questions about
18 Exhibit 36. And I want to turn back to the letter
19 pages -- the bottom of page 4, underneath the token
20 distribution event. Do you see that?
21 THE WITNESS: Yes.
22 MR. MENDEL: And the third paragraph
23 underneath that subheading states, "While at the time
24 of the token distribution event, the purchasers will
25 pay to acquire the initial public release of Kin

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1 Kin.
2 MR. MENDEL: Was that the only use then
3 within Kik was the stickers?
4 THE WITNESS: The stickers and the
5 associated social status that comes with it.
6 MR. MENDEL: For holders of Kin who were
7 not also Kik users, is it the case that Kin had no real
8 and specific function in the Kin ecosystem?
9 THE WITNESS: I think the question is was
10 the Kin ecosystem -- could they use Kin to integrate
11 into another digital service? Perhaps.
12 MR. MITCHELL: Are you aware of any digital
13 service, say, September of 2017, where people could buy
14 or sell anything with Kin tokens?
15 THE WITNESS: At that point, I don't think
16 they could buy and sell. But starting to think about
17 how that can drive new value for their mobile apps and
18 their apps. I think we were already discussing that
19 with some partners -- potential partners.
20 MR. MITCHELL: Kik was talking to potential
21 partners about doing that?
22 THE WITNESS: Yes.
23 MR. MITCHELL: Had any of those potential
24 partners adopted Kin tokens in their app yet?
25 THE WITNESS: No.

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1 tokens. This will be to acquire the software based
2 currency, which will initially give holders who are
3 also Kik users special status within the Kik user
4 community. And in the long term, give holders of Kin
5 the right to access and use within the Kin ecosystem.
6 "The Kin from its initial launch will have
7 a real and specific function in the Kin ecosystem that
8 is only available to holders of Kin who are also Kik
9 users."
10 So reading this, is it correct that upon
11 the token distribution event, holders of Kin would not
12 have the right to access and use within the Kin
13 ecosystem -- and I'm going on the language that's in
14 this sentence here. Let me ask it again.
15 Is it the case that during the token
16 distribution event, holders of Kin did not have the
17 right to access and use Kin within the Kin ecosystem?
18 THE WITNESS: It depends on how you define
19 use Kin within the ecosystem. Because it did unlock a
20 special status for them. And that status can be used
21 as social capital in relation to other Kik users. They
22 do have access to stickers that others don't have
23 access to. The mere fact that they actually have the
24 tokens in Kin then unlocks that functionality that does
25 not -- is exclusive only for those who actually have

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1 MR. MITCHELL: I think his question was:
2 If someone bought Kin tokens, but didn't have an
3 account on the Kik app, could they use their Kin tokens
4 for anything when they bought them?
5 THE WITNESS: If they would have made the
6 decision that they wanted to start integrating that
7 into their app, perhaps, yes. And they had the
8 technical knowledge, could be.
9 MR. MITCHELL: Other than the folks who
10 owned an app, had the technology to change it, and
11 changed their own app, could any other users use their
12 tokens?
13 THE WITNESS: Within Kik, no.
14 MR. MITCHELL: Of the people who bought
15 tokens but didn't have a Kik app, other than the ones
16 who owned apps, had the technical wherewithall and
17 changed their app to adopt Kin tokens, could any other
18 of those other Kin holders use their tokens outside the
19 Kik app?
20 THE WITNESS: Thank you for the
21 clarification. No.
22 MR. MITCHELL: Are you aware of anybody who
23 had their own app and the technical ability, and they
24 changed their app to allow the app people to use Kin
25 tokens in their app?

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1 THE WITNESS: I'm not aware of, no.
 2 MR. MITCHELL: Thank you.
 3 MR. MURTHA: Let's go off the record at
 4 2:23.
 5 (A brief recess was taken.)
 6 THE VIDEOGRAPHER: Back on the record at
 7 2:33 p.m.
 8 BY MR. MURTHA:
 9 Q Back on the record at 2:33 p.m. after a
 10 brief break during which you had no substantive
 11 conversations with the SEC staff about this
 12 investigation; is that right?
 13 A Yes.
 14 Q Thank you. Who did you think was going to
 15 be participating in Kik's public sale?
 16 A In the TDE?
 17 Q Yeah.
 18 A I think enthusiasts that really bought into
 19 the vision. Some speculators as well. And possibly
 20 also Kik users.
 21 Q What do you mean by enthusiasts?
 22 A I mean, I think this is the first time that
 23 a unicorn so-called company that has millions of users
 24 is saying, let's take blockchain technology seriously
 25 and integrate that into an existing ecosystem of

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1 millions of users. And by that, transform, I think,
 2 some of the, you know, parastructures that exist in
 3 tech today. So this was, I think -- it aligns very
 4 well with Ted's broader vision, a long-standing vision,
 5 that the messaging apps, the social media, the
 6 advertisers, developers, it has to be a much more
 7 egalitarian vision. So it was basically levelling the
 8 playing field.
 9 MR. LEASURE: So --
 10 THE WITNESS: May I proceed? Thank you.
 11 So that was the first level of enthusiasts. The second
 12 level was for the first time, particularly speaking
 13 about the KRE, the Kin Rewards Engine, it was the
 14 ability for developers, specifically developers, but
 15 also content creators, to actually see a real tangible
 16 monetary return on their fruit for their labor in a way
 17 that is direct. So I think this was probably the
 18 second group of enthusiasts that could have taken part
 19 in the TDE.
 20 BY MR. MURTHA:
 21 Q And then you had mentioned speculators?
 22 A Yes.
 23 Q And how would you classify speculators?
 24 A So, you know, very similar to other
 25 previous ICOs and the big hype around blockchain, this

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1 was seen as very cynical, as another source of
 2 investment, and you can invest and see a return
 3 investment on that.
 4 Q How did you -- I initially asked you who
 5 did you think was participating in Kik's public sale.
 6 And then you just described the two forms of
 7 enthusiasts and then the speculators. So thank you for
 8 that.
 9 But how did you come to that opinion or
 10 that view?
 11 A I think speaking, not out of knowledge, I
 12 didn't go through the list of 10,000 participants and
 13 qualify them. I think discussions -- internal
 14 discussions with people within the company and also
 15 during that offsite with CoinFund and Cointree to
 16 better understand who usually participates in these
 17 TDEs.
 18 Q Who did you have conversations with in the
 19 company about these enthusiasts and speculators?
 20 A So I think Peter Heinke, Dany Fishel, Ted
 21 Livingston. These are the main people. Erin, perhaps
 22 as well. Erin Clift.
 23 Q How did it come up?
 24 A I don't remember.
 25 Q Did Kik ever conduct market research to

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1 learn who was participating -- who might potentially
 2 participate in the ICO and what their motivations for
 3 doing so would be?
 4 A I don't think Kik did anything. But I
 5 think working for CoinFund, they surveyed potential
 6 participants. I think so, as part of their research.
 7 Q We talked about Sylvain Labs today. Did
 8 they do any market research for Kik?
 9 A They did. But I don't think it was focused
 10 on TDE participants. It was more focused on how to
 11 successfully integrate the functionality of crypto and
 12 re-envision what it would mean to build a successful
 13 digital wallet.
 14 MR. MITCHELL: Did you ever see Cointree --
 15 any work that CoinFund provided to Kik -- written work
 16 on how it surveyed who was in the market for tokens?
 17 THE WITNESS: I think Erin Clift shared
 18 with us -- on the executive team. She walked us
 19 through the survey results.
 20 MR. MITCHELL: Did people on the executive
 21 team sort of use CoinFund's work at all?
 22 THE WITNESS: I don't know. I didn't use
 23 it. Perhaps others did.
 24 MR. MITCHELL: Do you know whether anybody
 25 else used it?

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1 THE WITNESS: No.
 2 MR. LEASURE: Did you have any criticism of
 3 the survey or analysis that CoinFund did between Kik?
 4 THE WITNESS: Did I criticize the survey?
 5 MR. LEASURE: Let me ask that in a better
 6 way. Did you ever hear others criticize the survey or
 7 the work that CoinFund did?
 8 THE WITNESS: No. I didn't spend probably
 9 enough time even evaluating it.
 10 MR. LEASURE: All right.
 11 BY MR. MURTHA:
 12 Q So back to Sylvain. I'm going to hand you
 13 a document which I've just marked as Exhibit 196.
 14 (SEC Exhibit No. 196 was marked for
 15 identification.)
 16 BY MR. MURTHA:
 17 Q Take your time to look at it.
 18 My first question is just going to be: Do
 19 you recognize this document?
 20 A Yes.
 21 Q I'll identify the document for the record.
 22 It is an e-mail with a multi-page attachment, bearing
 23 the Bates label KIK_00040790. And that's the Bates
 24 label of the e-mail. I'll represent for the record
 25 that for the benefit of all of us, I used the native

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1 version of the attachment because the image quality was
 2 poor. So the first page of the attachment begins with
 3 the Bates label, I'm representing for the record,
 4 KIK_00040791.
 5 A Okay.
 6 Q So this is -- at the top is a July 24,
 7 2017, 10:01 a.m. e-mail from you to Inna Belenkey and
 8 Or Azulay?
 9 A Azulay.
 10 Q Thank you. Who are they?
 11 A It's Inna Belenkey. It's misspelled here.
 12 Inna Belenkey was head of design for Kik. And Or
 13 Azulay was a product manager in the Tel Aviv office.
 14 Q And you're forwarding them an attachment
 15 that looks like you received from Hayeon Kim earlier?
 16 A Yes.
 17 Q The time stamps don't seem to add up as it
 18 looks like you're forwarding it at 10:01 a.m.
 19 A I think it does match because she may have
 20 sent it on east coast time, and I would have sent it
 21 Tel Aviv time.
 22 Q Thank you. So we've talked about Sylvain.
 23 But could you just tell us who they are?
 24 A Sylvain Labs is a research firm primarily
 25 focused I think on branding and positioning in New

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1 York.
 2 Q Do you have an understanding of what they
 3 were tasked with doing for Kik?
 4 A In general or for this particular project?
 5 Q Let's start with in general.
 6 A In general, conduct market research based
 7 on both qualitative and quantitative data. I think
 8 they did two additional projects. One was around how
 9 Kik users actually use Kik. That was one. And the
 10 second, I think they are the firm that came up with the
 11 name Kin. So that was the second.
 12 And the third, which is this, focused
 13 primarily on a brief that Hayeon wrote based on input
 14 from me primarily, which is focused on better
 15 understanding, when we look at the demographics of Kik,
 16 what would a wallet look like in their lives that may
 17 fit something that made sense to them. And what I
 18 learned is we can learn from the other wallets.
 19 And then the second layer was what are some
 20 spending opportunities or earning opportunity that we
 21 should consider seriously when we start building up
 22 toward the full realization of the product's road map.
 23 Q You just referenced a brief that you were
 24 working on with Hayeon Kim.
 25 When were you working on that?

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1 A I don't know. The timeline, I don't
 2 exactly know. But I know that she used input from me
 3 to write the brief for Sylvain a few weeks before that.
 4 Q By "brief," do you mean sort of tasking
 5 them with something -- a problem to solve?
 6 A Yes.
 7 Q The first project that Sylvain worked on
 8 for Kik, to your knowledge, did that have anything to
 9 do with Kin, or was that just exclusively having to do
 10 with the Kik messaging app? In other words, before the
 11 Kin ICO.
 12 A It was before the Kin ICO. It was focused
 13 primarily on Kik Messenger.
 14 MR. LEASURE: This project broadly was a
 15 part of a process of thinking about how Kin might work
 16 with the Kik messaging app and the Kik messaging app
 17 user base?
 18 THE WITNESS: Yes.
 19 BY MR. MURTHA:
 20 Q Let's turn to page 7. Look on the
 21 right-hand side. There is a black bar with the page
 22 numbers, page 7. At the top it says, "In other words."
 23 Are you with me on page 7?
 24 A Yes.
 25 Q So it says, "In other words, the only real

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1 use for CC's today is speculation investment."

2 Do you understand what CC's means?

3 A I think they mean cryptocurrency.

4 Q Do you agree with that statement?

5 A In what sense? I don't think I understand
6 the question.

7 Q Do you agree with the statement that the
8 only real use for cryptocurrencies today is speculative
9 investment?

10 A I can agree with the finding that in the
11 common knowledge of those that they researched, that
12 was what came out. But me agreeing with this general
13 knowledge with cryptocurrency only being a speculative
14 investment, no.

15 Q Do you think that people purchased Kin for
16 any reason other than speculative investment?

17 A If they were enthusiasts, I think they
18 were, you know, preparing for how they can take part in
19 the ecosystem that Kin was supposed to build.

20 MR. LEASURE: Can I point you to page 15 of
21 the attachment? It begins with the header
22 "Quantitative Study."

23 THE WITNESS: Yes. I'm on 15.

24 MR. LEASURE: Okay. Thank you. You can
25 see there, this -- correct me if I'm wrong -- does this

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1 foothold in the U.S., but also in other countries like

2 Sweden. I don't remember additional ones.

3 MR. LEASURE: Okay. I take it from this,
4 this maybe consistent with what you observed earlier
5 today, that they're not only on Kik, they also have
6 other social media accounts?

7 THE WITNESS: Yes.

8 MR. LEASURE: Okay. The document -- it's
9 referenced here, and I don't need to point you
10 everywhere -- but the document throughout references a
11 term called vanguarded.

12 THE WITNESS: Yes.

13 MR. LEASURE: Do you understand what that
14 means, particularly tying it to the Kik Messenger, what
15 does vanguarded --

16 THE WITNESS: The best person to ask that
17 question is Erin Clift because she came up with it.

18 MR. LEASURE: She came up with that?

19 THE WITNESS: Yes, after working with
20 Sylvain. And just a correction. I think the way that
21 they responded was they looked at 50 percent out of
22 this entire group was Kik users, and the rest was a
23 50 percent that not are using Kik users -- not using
24 Kik. They'd be using one of the following four other
25 apps.

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1 appear to be listing some of the demographics of people
2 involved in Sylvain's study?

3 THE WITNESS: Yes.

4 MR. LEASURE: Okay. Does this look like,
5 given the age, gender, ethnicity, and the like, does
6 this look like a typical distribution of the Kik
7 Messenger app user base?

8 THE WITNESS: I think it fits that more or
9 less, yes.

10 MR. LEASURE: So in other words, from ages
11 13 to 25. Do you see that?

12 THE WITNESS: Yeah. But that was also
13 according to the brief that was written.

14 MR. LEASURE: Totally. That's fine. I'm
15 asking more about the Kik Messenger app user base.

16 When you worked at Kik in 2017, was it
17 primarily teenagers and young people?

18 THE WITNESS: It was teenagers and young
19 adults.

20 MR. LEASURE: Young adults?

21 THE WITNESS: Yes.

22 MR. LEASURE: Geography. Was it North
23 American, global, how would you characterize the
24 geographic --

25 THE WITNESS: So there was a strong

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1 MR. LEASURE: I see. They didn't want to
2 limit it just to Kik?

3 THE WITNESS: Yes.

4 MR. LEASURE: Going back to the vanguarded
5 term. I understand you didn't coin the term, Ms. Clift
6 did. What's your understanding of what it means?

7 THE WITNESS: I don't remember the exact
8 definition. I never liked that term, so --

9 MR. LEASURE: Why not?

10 THE WITNESS: I didn't understand it. It's
11 my own limitation.

12 MR. LEASURE: That's fine. In any event,
13 would you agree that part of the effort of Sylvain was
14 to understand how young people on a messaging app might
15 want to use a cryptocurrency in the future?

16 THE WITNESS: Yes.

17 MR. LEASURE: And then obviously, I take it
18 there was some unique challenges of getting young
19 people comfortable with the wallet and associated
20 functions of a cryptocurrency?

21 THE WITNESS: Yes.

22 MR. LEASURE: That's one of the things you
23 were worried about, in fact, was scaring people off --
24 scaring those young people off from the -- by the
25 introduction of a cryptocurrency, right?

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1 THE WITNESS: Yes.
 2 MR. LEASURE: If you had to give me a rough
 3 estimate -- I understand you haven't been at Kik for a
 4 while now -- what would be a rough estimate, the
 5 average age of a Kik Messenger app user?
 6 THE WITNESS: I don't know. A guess would
 7 be, I don't know, 17, 18.
 8 MR. LEASURE: You didn't have to be 18 or
 9 over to use Kik?
 10 THE WITNESS: No.
 11 MR. LEASURE: A significant part of the
 12 user base was under 18?
 13 THE WITNESS: Yes.
 14 MR. LEASURE: Do you -- in terms of -- did
 15 you ever have occasion to see any demographic data
 16 about the people who purchased Kin in the token
 17 distribution event?
 18 THE WITNESS: No.
 19 MR. LEASURE: You never did?
 20 THE WITNESS: No.
 21 MR. LEASURE: Just curious about that.
 22 After the TDE, why wouldn't that
 23 information have been relevant for you?
 24 THE WITNESS: Why would it be relevant for
 25 me? I was focused on integrating Kin into Kik. My

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1 assumption was that those who participated in the TDE
 2 are much more interested in -- that was an assumption
 3 that I had to validate -- much more interested in how
 4 you integrate Kin into their own digital services,
 5 which is a very different use case.
 6 MR. LEASURE: You weren't focused on use
 7 cases for Kin outside of the Kik Messenger app?
 8 THE WITNESS: That was the partnership
 9 team. I was only focused on the broader strategy to
 10 get there. But not on really understanding who those
 11 participants are and what are their motivations.
 12 MR. LEASURE: Do you know the average age
 13 of Kik Messenger app users who purchased Kin?
 14 THE WITNESS: No.
 15 MR. LEASURE: That wasn't relevant for you?
 16 THE WITNESS: No, it was -- could be very
 17 relevant. But I don't know the age.
 18 MR. LEASURE: You just didn't happen to
 19 know that?
 20 THE WITNESS: Yeah. As far as I
 21 understand, purchasing Kin, I think it was for 18 and
 22 above.
 23 MR. LEASURE: So obviously, the portion of
 24 the Kik Messenger app user base that's under 18 did not
 25 purchase Kin?

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1 THE WITNESS: True. Yes.
 2 MR. LEASURE: And you don't know the
 3 overlap between Kik Messenger app users and Kin
 4 purchasers?
 5 THE WITNESS: Yes, I do not know that.
 6 BY MR. MURTHA:
 7 Q Did you attend or participate in a summit
 8 in Tel Aviv in October of 2017?
 9 A Yes.
 10 Q Can you tell me about the summit, please?
 11 A Can you refer to which of the summits
 12 you're referring to?
 13 Q Sure. How many were there?
 14 A There were three.
 15 Q Was it one summit that took place over
 16 several days?
 17 A No.
 18 Q So --
 19 A There was an exec offsite. Then there was
 20 a leadership offsite in Tel Aviv. Then there was
 21 another one conducted in Waterloo.
 22 Q Can you give me dates and time frames for
 23 all of those?
 24 A That's the sequence of the meetings. But I
 25 don't remember the dates themselves. The one in Tel

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1 Aviv with the leadership and the one in Waterloo both
 2 were held, as far as I remember, in October.
 3 Q The one that was held in Tel Aviv in
 4 October, do you know what the purpose of that summit
 5 was?
 6 A Figure out post TDE what's the strategy and
 7 game plan.
 8 Q What was your role in the strategy and game
 9 plan post TDE?
 10 A This was the switch between me and Erin.
 11 Erin focused primarily leading all of the efforts until
 12 the end of the TDE. And from that point onwards, I
 13 took lead and leading also in preparing for the summit.
 14 Q What did you do to prepare for the summit?
 15 A We drafted an agenda for the summit. We
 16 asked the key participants and section leads to prepare
 17 materials and circulate them around. We identified key
 18 decisions that need to be made. And then we conducted
 19 the summit.
 20 Q Was somebody assigned to take notes of what
 21 was said and took place at the summit?
 22 A I think Hayeon from marketing took notes.
 23 Q I'm going to hand you what's been
 24 previously marked as Exhibit 128, which for the record
 25 is a multi-page document entitled "TLV Summit Notes,"

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1 bearing the Bates label KIK_00129301 through 325 --
2 326.

3 Does this appear to be the notes that
4 Ms. Kim took of the Tel Aviv summit?

5 A Yes, it appears so.

6 Q So focusing on the first page under day 2,
7 October 18th, unblocking development, session 7 is
8 entitled, "IPL v.2 plus KRE launch requirements as to
9 Kik Reward Engine launch requirements," right?

10 A Yes.

11 Q And "compliance stress test."

12 And that session looked like it was being
13 led by yourself, Tal. What's Tal's last name?

14 A I think it's Tal Kol.

15 Q Do you know how to spell that?

16 A K-o-l. I think so.

17 Q And Tanner Philp; is that right?

18 A Yes.

19 Q If we go to page --

20 A Just to note here, this is the date that I
21 had pneumonia. And I went to the hotel to rest.

22 Q So you didn't participate in this?

23 A So I have very blurry memories around the
24 -- the last two days of the summit. Because I prepared
25 everything, and then I just collapsed. They brought a

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1 TDE participants are not likely to become Kik users.
2 They more than likely did buy it as investment, which
3 isn't what we want for compliance and being a utility,
4 but it's the truth."

5 Did you say that?

6 A I don't remember saying that, no.

7 Q Do you think -- do you -- who do you think
8 said it?

9 A I don't know. I didn't take the notes.

10 And I'm not sure I was in the session. I don't know.

11 Q Does it sound like something you would say?

12 A No.

13 Q Did Tal say it?

14 A I don't know. I don't know who said it.

15 Q Tanner?

16 A I don't know.

17 Q We've talked a lot today, I think, about
18 your having disagreements about -- with Mr. Livingston
19 and others about how the IPL should have taken place,
20 right?

21 A I think the disagreements were whether or
22 not to include functionality as part of the TDE. Once
23 it was decided, I streamlined it. And I said, okay,
24 how can we take -- you know, extract the most value
25 coming out of it.

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1 doctor to the offsite -- the summit itself. Then I
2 just went to the hotel to rest.

3 Q They brought a doctor to the offsite?

4 A Yes.

5 Q Did you, like, collapse or something?

6 A I was about to collapse, yeah.

7 Q Sorry to hear that. If we turn to the page
8 ending in Bates label 313.

9 A Okay. Yes.

10 Q The bottom half says, "Redacted." So
11 again, this looks like this was a session that was
12 being led by you, Tal and Tanner.

13 But are you stating for the record right
14 now that you didn't actually participate in this?

15 A I don't remember. That's the blurry part.

16 Q Okay. If we turn the page to page ending
17 in Bates label 314.

18 A Yes.

19 Q The second main bullet says, "Discussion
20 around who we are building for."

21 Do you see that?

22 A Yes.

23 Q It says, "The discussion around who we are
24 building for, Kik IPL users or TDE participants." And
25 then there is a sub-bullet that says, "Realistically,

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1 Q As you're sitting here today, it's your
2 testimony that you didn't make the statements that are
3 reflected in Ms. Kim's notes on this page that we're
4 looking at right now?

5 A I could have, but I don't remember. I
6 don't know if I was in that session. I don't remember.

7 Q Is there any way that we could verify
8 whether or not you were in the session?

9 A Maybe ask participants.

10 MR. LEASURE: But based on your sense of
11 who was generally at this summit and the like, who do
12 you think likely was there at this session?

13 THE WITNESS: At this session, all the
14 participants. We didn't have parallel tracks in this
15 summit.

16 MR. LEASURE: I apologize. This was an
17 executive session or --

18 THE WITNESS: No. It was extended
19 leadership.

20 MR. LEASURE: Extended leadership?

21 THE WITNESS: Yes. So it's most of the
22 executive team members; Hayeon, which was VP marketing.
23 And Tanner was there. Tal was there. Yochai, Gadi
24 were there.

25 BY MR. MURTHA:

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1 Q Were you working on a two-sided economy
2 focused on content based on data research in Kik Points
3 experience after the TDE?

4 A Was I working on the two-sided economy?
5 Can you repeat the question?

6 Q If you look at the top of 314, were you
7 working on ways to earn?

8 A Yes. As part of the IPL v.2.

9 Q Were you working on ways to spend as part
10 of the IPL v.2?

11 A Yes.

12 Q Who else was working on that?

13 A Phillip Yang. I think other people in the
14 -- everyone was working on the MVP on IPL v.2. Yochai,
15 Gadi, Natasha.

16 MR. MENDEL: At the time of the October
17 conference, it's the statement in the second bullet,
18 Realistically TDE participants are not likely to become
19 Kik users, they are more than likely did buy this
20 investment.

21 Is that something that you agreed with at
22 the time?

23 THE WITNESS: I didn't know enough about
24 the TDE participants to state that.

25 MR. LEASURE: Did any Kik employees,

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1 THE WITNESS: Yes.

2 MR. MENDEL: Were you concerned because you
3 disagreed with it, or because of the fact that they had
4 that view caused you worry?

5 THE WITNESS: I think it's a combination of
6 two things. First, I think we didn't know enough about
7 who participated in the TDE. So jumping into
8 conclusions right or wrong is just -- I don't think
9 that's the right way to approach it.

10 The second thing is when we wrote the white
11 paper, my primary focus was on Kik Messenger users.
12 And I felt that CoinFund and Cointree, this was not at
13 their top priority. And for me, that was a concern.

14 MR. MENDEL: The Kik Messenger?

15 THE WITNESS: Yes. Kik Messenger and Kik
16 user base.

17 MR. LEASURE: So you believe that Ms. Kim
18 took notes of this summit; is that right?

19 THE WITNESS: Yes.

20 MR. LEASURE: And then functionally, what
21 happens to those notes? Are they circulated around?

22 THE WITNESS: I think she shared it with
23 the executive team, that's for sure. And with Tanner,
24 as well, afterwards.

25 MR. LEASURE: So the purpose is to share

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1 following the TDE, express that sentiment, to your
2 knowledge?

3 THE WITNESS: I think, yeah, some employees
4 at Kik were cynical, sure.

5 MR. LEASURE: Anyone in particular you have
6 in mind?

7 THE WITNESS: No.

8 MR. MENDEL: Anyone you worked with at the
9 conference, did they have that view, did they express
10 it to you one way or another around that time?

11 THE WITNESS: The only person that stands
12 out is probably Tal from Cointree.

13 MR. LEASURE: Who from Cointree?

14 THE WITNESS: Tal.

15 MR. MENDEL: Why do you think that Tal
16 would have been likely to express that view?

17 THE WITNESS: I don't know if he expressed
18 this view. But I am talking about -- I think your
19 question was more general. I think there was both
20 CoinFund and Cointree especially -- sorry. Both
21 CoinFund and Cointree expressed much more, I would say,
22 cynical views around the TDE. That's what was one of
23 my main concerns.

24 MR. MENDEL: You were concerned, why? That
25 they had the more cynical view?

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1 the discussion that happened in a document after the
2 discussion?

3 THE WITNESS: I think it's to extract
4 action items more than anything else. Yes.

5 MR. LEASURE: Did anyone -- particularly
6 with reference to the bullet point that we've been
7 looking at, do you recall any subsequent discussion or
8 objection to what was stated in that bullet point?

9 THE WITNESS: No.

10 BY MR. MURTHA:

11 Q So generally, who was working on building
12 the Kin ecosystem after the TDE?

13 A Can you define the ecosystem? What do you
14 mean by the ecosystem?

15 Q Who was working on the integration of Kin
16 into Kik after the ICO?

17 A So there was another summit right after
18 this one in Waterloo, which discussed in detail the IPL
19 v.2, and who should be working on what. There was a
20 team in Waterloo that helped that. There was a team in
21 Toronto that worked with that. There was a team in Tel
22 Aviv. And the combination between them were supposed
23 to come up with the IPL v.2.

24 Q Those were all Kik employees?

25 A Yes. There were -- I think also Cointree.

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1 some of them also provided consultancy around security,
2 and all kinds of that.

3 **Q Did you ever deal with anyone from the Kin
4 ecosystem foundation?**

5 A I never had direct contact with -- what's
6 his name, Mougayar. I don't remember his name. And
7 there was another one. I was never in direct contact
8 with them. And I don't know if there were Kik
9 employees that were also on the Kin foundation or not.
10 I don't know.

11 **Q Did you ever do work for the Kin
12 foundation?**

13 A No.

14 MR. MITCHELL: Did you ever record your
15 time while you worked at Kik to record what kind of
16 projects you were working on, how many hours a day, on
17 what kind of projects?

18 THE WITNESS: No.

19 MR. MITCHELL: Did you ever record your
20 time so that Kik could bill somebody else for the work
21 that you were doing?

22 THE WITNESS: Absolutely, no. The only
23 thing is for -- it's not my time, it's the engineering
24 time, for tax purposes within Canada. I don't
25 remember. What's the name, SRED? I'm not familiar.

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1 THE WITNESS: Yes.

2 MR. MITCHELL: Was there anyone who didn't
3 work for Kik who was working to integrate the Kin token
4 into the Kik app?

5 THE WITNESS: If you talk about the
6 infrastructure layer around the blockchain and the
7 ERC-20, I think there were some people in Cointree that
8 helped.

9 MR. MITCHELL: Those were consultants
10 working for Kik?

11 THE WITNESS: Yes. As far as I know. I
12 don't know the business terms.

13 MR. MITCHELL: Other than people who worked
14 for Kik or Cointree, are you aware of anybody who
15 started to work to change the Kik app so that people
16 could use Kin tokens inside it?

17 THE WITNESS: No.

18 MR. MITCHELL: Could someone just out in
19 the world make changes to the Kik messaging app?

20 THE WITNESS: Yes.

21 MR. MITCHELL: Just a random person in the
22 world can just make changes in the app?

23 THE WITNESS: It's not random persons.
24 It's part of the way -- this is a very historical thing
25 about Kik. There are certain -- I don't know if you

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1 MR. MITCHELL: There's some Canadian tax
2 law?

3 THE WITNESS: Yes.

4 MR. MITCHELL: So your group recorded what
5 engineers were doing in order to have documents for
6 that tax purposes?

7 THE WITNESS: Yes.

8 MR. MITCHELL: Other than that, did you
9 ever record your time so that Kik could bill somebody
10 else?

11 THE WITNESS: No.

12 MR. MITCHELL: Did you ever hear of anybody
13 at Kik recording your time so that Kik could bill
14 somebody else --

15 THE WITNESS: No.

16 MR. MITCHELL: Did you ever work on the
17 issue of recruiting partners to the Kin ecosystem?

18 THE WITNESS: I never engaged with any
19 external partners. The only thing that, if I got an
20 e-mail from someone that could be relevant, I then
21 forwarded it to Dany Fishel, the head of partnerships.

22 MR. MITCHELL: Earlier, you had answered
23 some questions about the people at Kik who were working
24 to integrate the Kin token into the Kik app.

25 Do you remember that?

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1 call them developers or a spammers that have access to
2 some of the code base. They could have integrated Kin
3 into Kik. Could have been. Hypothetical.

4 MR. MITCHELL: That's a hypothetical?

5 THE WITNESS: Of course.

6 MR. MITCHELL: Are you aware of any of them
7 making that effort?

8 THE WITNESS: No.

9 MR. MITCHELL: Do you remember talking to
10 anyone at Kik about encouraging them to do that?

11 THE WITNESS: No.

12 MR. MITCHELL: Do you remember anyone at
13 Kik raising the idea, you know, hey, why don't we let
14 people from outside the company just change the Kik
15 messaging app so that people could use Kin tokens?

16 THE WITNESS: There were discussions around
17 the bot. That, I think, that falls into the finish of
18 what it means to change the Kik app or not. Is a bot
19 part of the app, I think it's a definition we can
20 discuss. If so, there were definitely thoughts about
21 how we can integrate Kin into Kik via external parties
22 developing bots.

23 MR. MITCHELL: Were you involved in that at
24 all?

25 THE WITNESS: Yes.

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1 MR. MITCHELL: Tell me about that.
 2 THE WITNESS: The Toronto office -- at that
 3 time, the Toronto office was primarily focused on the
 4 bots platform. When they started building their road
 5 map, part of that was also better identifying what are
 6 the needs and how we can persuade potential developers
 7 to develop bots that are relevant for Kik by leveraging
 8 Kin.
 9 MR. MITCHELL: Kik would be trying to
 10 persuade the developers to do that?
 11 THE WITNESS: Yes.
 12 MR. MITCHELL: The developers, can they
 13 just unilaterally put in any bot they want into the Kik
 14 app?
 15 THE WITNESS: No.
 16 MR. MITCHELL: Kik actually approves what
 17 bot goes in, right?
 18 THE WITNESS: Yes.
 19 MR. MITCHELL: Kik has the final authority
 20 of it?
 21 THE WITNESS: Yes. But at that time, if a
 22 bot developer already had a bot on Kik, they could have
 23 submitted changes to the bot without any approval from
 24 Kik.
 25 MR. MITCHELL: And in the -- could Kik have

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1 A I don't know the business terms. I know
 2 that there was, like, either an acquire or not, or
 3 something of the sort. And then they also invested in
 4 the Orbs project. But I don't know the details.
 5 Q Other than the two Cointree employees that
 6 you mentioned, were the only people in attendance at
 7 the Tel Aviv October summit Kik employees?
 8 A I mentioned three Cointree employees, not
 9 two.
 10 Q Okay. Anyone else?
 11 A I can look through the notes to see if
 12 anyone else was mentioned.
 13 Q While you're looking, do you have a
 14 recollection of anybody other than Cointree employees
 15 or Kik employees who attended the summit? Would
 16 anybody else have a reason to?
 17 A No.
 18 Q So then, going back to --
 19 A I don't see anyone else.
 20 Q So going back to page ending in Bates 314.
 21 It says, "Realistically, TDE participants are not
 22 likely to become Kik users. They more than likely did
 23 buy it as investment, which isn't what we want for
 24 compliance and being a utility, but it's the truth."
 25 Could that statement be attributed both to

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1 -- did Kik have a process of watching new bots as they
 2 were revised? Did Kik review the bots as they were
 3 revised?
 4 THE WITNESS: Not all of the bots, no.
 5 MR. MITCHELL: Are you aware of anyone
 6 revising a bot so that people could conduct
 7 transactions using Kin tokens?
 8 THE WITNESS: None I'm not aware of.
 9 BY MR. MURTHA:
 10 Q Earlier, we were talking about a series of
 11 summits. And there were three of them, right?
 12 A Yes.
 13 Q We were talking about an October one that
 14 took place in Tel Aviv, right?
 15 A Yes.
 16 Q In which you got sick, right?
 17 A Yes.
 18 Q Who was at that summit?
 19 A Ted Livingston, Dany Fishel, Hayeon Kim,
 20 Eileen -- I don't remember her last name -- Peter,
 21 Tanner Philp, Yochai, Gadi, Natasha. And then some
 22 representatives from Cointree as well. Tal was there.
 23 I think Oded as well. And Leonid.
 24 Q Had Kik bought Cointree at some point or
 25 taken ownership of them?

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1 anyone other than a Kik employee or a Cointree
 2 employee?
 3 A I don't think so.
 4 Q Thank you. Why did you leave Kik?
 5 A I did not leave. I was escorted out of the
 6 company. I was fired.
 7 Q Can you tell me what happened?
 8 A Ted Livingston, the CEO, approached me. I
 9 think it was the beginning of December. I was working
 10 out of the Toronto office. And I onboarded a new VP
 11 product in Tel Aviv that flew in to Toronto. And he
 12 called me upstairs. And he came to me and said, Eran,
 13 this is not working out, and I'd like to work on a
 14 separation agreement and for you to leave the company.
 15 And the broader context to that is things
 16 that I mentioned earlier today -- is I think the big
 17 differences of opinion and world views on how to build
 18 products. I'm much more fact based, research oriented,
 19 in my approach and iterative. I think Ted is much less
 20 so. I am also much more direct in my approach in my
 21 communication style.
 22 Ted is a very indirect person under his
 23 mode of communications. I think that was also one of
 24 the stated reasons, that I was too direct. The third,
 25 two or three weeks prior to that, for him to come into

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1 Toronto, he came to me and offered me a change in the
2 Orbs design.

3 At that point in time, I was the chief
4 product officer. He said he wants to split into two
5 business units. One, I would head that business unit
6 and manage Tel Aviv.

7 And the second was to be a business unit in
8 Waterloo and Toronto that would be headed by someone
9 else named Mike Roberts.

10 And I told him that I think
11 that because the work in Tel Aviv is dependent on the
12 work that should be done in Toronto and Waterloo, I
13 have serious doubts about me being successful in this
14 new role.

15 In addition to that, I told him the primary
16 reason I moved to Canada was not to work with Israel,
17 but to work with the Canadian office. And after seven
18 months of traveling back and forth and living on
19 planes, I said it's enough for me.

20 So then three weeks later, he said, okay,
21 it's not working, and we should depart.

22 **Q You mentioned that one of the primary**
23 **differences between you and Ted is that you're more of**
24 **a direct speaker, and he's more of an indirect speaker.**

25 **When you say that you're a direct speaker,**

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1 A No. It's already over.

2 **Q It's over?**

3 A Yes.

4 **Q But you were engaged in one?**

5 A Yes. As part of my -- before moving to
6 Canada, I asked for a -- some sort of confidence on
7 behalf of the company that if any end case, or
8 something goes wrong, I have the financial backing to
9 keep the same level of, you know, quality of life for
10 my family until the end of the school year. And once
11 Kik -- you know, I wasn't very familiar with the
12 employment agreements in Canada because I'm not
13 Canadian. I'm Israeli.

14 That's why I consulted with the employment
15 lawyer. And once they said, yeah, we're -- everything
16 that was promised, we're also going to deliver, that
17 was fine.

18 **Q How much were you making for a salary**
19 **toward the end of your employment with Kik?**

20 A I was making 345,000 Canadian dollars per
21 year.

22 MR. MURTHA: Let's go off the record at
23 3:19.

24 (A brief recess was taken.)

25 THE VIDEOGRAPHER: Back on the record at

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1 do you have a tendency to say things that maybe others
2 are afraid to say to people like Ted Livingston?

3 A Sure. Yes.

4 **Q When you got called up to his office, was**
5 **the conversation confrontational in tone, or was it**
6 **levelheaded, was it an emotional experience?**

7 A First of all, it wasn't in an office. It
8 was just outside the Mars building where Ted was
9 waiting outside. He handed me a note. And I was very
10 surprised, given that I just moved to Canada. I did not
11 react emotionally at all. I said, okay. Let me digest
12 this. Thank you.

13 I told him I want to make sure that I can
14 end the academic year here in Canada with my kids. And
15 he said, you have my word. And then we departed.

16 **Q Did you consult with any employment**
17 **attorneys after that?**

18 A Yes.

19 **Q Did you threaten to sue Kik in any way for**
20 **the employment relationship?**

21 A No.

22 **Q Why did you consult -- without -- forget**
23 **that.**

24 **Are you a party to any separation or**
25 **employment agreements with Kik currently?**

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1 3:28 p.m.

2 BY MR. MURTHA:

3 **Q On the record at 3:28 p.m. after a short**
4 **break during which you had no substantive conversations**
5 **about this investigation with the SEC staff; is that**
6 **right?**

7 A Yes.

8 **Q Thank you.**

9 MR. MENDEL: I think this morning -- and
10 please tell me if you think I'm not characterizing this
11 correctly -- but you were talking about your
12 responsibilities as chief product officer. And I think
13 what you said was after Ted Livingston made the
14 decision to focus on stickers as functionality, your
15 responsibilities, along with those of Mr. Simons',
16 shifted to focus on the rest of the business, not the
17 crypto stuff.

18 And then you spent maybe 5 to 10 percent
19 of your time on working on the launch for the ICO.

20 Do I have that right?

21 THE WITNESS: No.

22 MR. MENDEL: Can you then describe your
23 responsibilities as chief product officer sort of
24 through the time that the decision was made to
25 incorporate what Mr. Livingston thought was

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1 functionality into the token distribution event?
 2 THE WITNESS: Yes. I would say two things.
 3 One is from the moment that the TDE was conceived as
 4 this is the course of action for the company, I,
 5 generally speaking, focused 5 or 10 percent of my time
 6 on anything related to that. There were two peaks in
 7 time. One was around the IPL. The second was around
 8 the white paper, which I participated in that summit,
 9 and in terms of my -- how much time I invested in that.
 10 And that were -- peaks of investment in terms of time
 11 around the TDE.
 12 Around the decision -- once the decision
 13 was made that part of the TDE were also going to launch
 14 functionality, I was part of those discussions in terms
 15 of time.
 16 And again, attorney-client privilege, I can't
 17 go into detail with that. But that was the outcome
 18 coming out of those sessions, that we need to launch
 19 functionality with that.
 20 It took me a while to come to terms with
 21 that. Then the definition of what exactly you intend
 22 to launch was defined with Ted Livingston. And then
 23 the operational piece of making sure that it actually
 24 launches was undermined to me.
 25 MR. MENDEL: So then, once the decision was

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1 while to come to terms with it, about how long do you
 2 think that took before you were on board?
 3 THE WITNESS: I don't know. A few weeks.
 4 MR. MENDEL: Is there anybody else who was
 5 involved in developing the product for the launch that
 6 you haven't mentioned?
 7 THE WITNESS: There were engineers working
 8 on the code in Tel Aviv, which I haven't mentioned
 9 their names.
 10 But they reported to either Yochai or
 11 Gadi, the two individuals that I did mention.
 12 MR. MENDEL: Was Mr. Simons involved?
 13 THE WITNESS: In the IPL itself?
 14 MR. MENDEL: Yes.
 15 THE WITNESS: Indirectly, I think.
 16 MR. MENDEL: Did you consciously avoid
 17 having involvement in the project?
 18 THE WITNESS: No.
 19 BY MR. MURTHA:
 20 Q Where do you work now?
 21 A I work for Top Hat.
 22 Q What do you do there?
 23 A Chief product officer.
 24 MR. LEASURE: What are they?
 25 THE WITNESS: In the education technology

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1 made to incorporate the functionality, what percentage
 2 of your time were you spending on the ICO?
 3 THE WITNESS: Around 5 to 10 percent of my
 4 time.
 5 MR. MENDEL: Who was responsible for
 6 actually implementing the -- developing the product
 7 that would be used?
 8 THE WITNESS: That was -- are you asking
 9 about the executive ownership or who actually did the
 10 work?
 11 MR. MENDEL: Both.
 12 THE WITNESS: I think it fell under my
 13 domain in terms of executive ownership as it was
 14 assigned to me by Ted, the CEO. And in terms of the
 15 team working on it, it started off by Jairaj working
 16 directly with Ted for a certain point in time. And
 17 then transferred from Jairaj to the team in Tel Aviv on
 18 building the additional functionality that is needed.
 19 MR. MENDEL: And when, in your mind, was
 20 the decision made to incorporate functionality?
 21 THE WITNESS: Very early. Prior to that
 22 document that you showed me between Jairaj and Ted.
 23 Prior to that, the decision to incorporate
 24 functionality.
 25 MR. MENDEL: When you say it took you a

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1 space.
 2 They provide solutions for professors when they
 3 teach in classrooms.
 4 MR. LEASURE: Nothing to do with crypto?
 5 THE WITNESS: Absolutely, no.
 6 BY MR. MURTHA:
 7 Q Were you paid any sort of compensation by
 8 Kik to appear here today?
 9 A No.
 10 Q Did you tell anyone that you were coming to
 11 testify today?
 12 A Yes.
 13 Q Who did you tell?
 14 A My wife.
 15 Q Anybody else?
 16 A My brother.
 17 Q Anyone else?
 18 A No.
 19 Q Have you had discussions with anyone at Kik
 20 about their testimony?
 21 A No.
 22 Q Have you spoken to anyone who you worked
 23 with at Kik in the last three months?
 24 A Yes.
 25 Q Tell me about that.

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1 A I spoke with Dany. We are friends, so I
2 asked him how is he doing. I met Peter Heinke for
3 lunch. He came to Toronto, so we had lunch together,
4 which was nice. I am trying to help one of the Kik
5 employees in their career progression, which is Eric.
6 He is a product manager. And yeah, I think that's
7 about it.

8 Q When you had lunch with Mr. Heinke, did you
9 talk about the SEC's investigation?

10 A No.

11 Q What about when you had phone calls or
12 other communications with Mr. Fishel, have you talked
13 about the SEC's investigation?

14 A I did send him a message that I was
15 subpoenaed by the SEC. But we didn't talk about it,
16 no.

17 Q Did anyone tell you what you should say
18 during your testimony today?

19 A No.

20 Q Did you tell anyone what they should say if
21 they were called to testify in front of the SEC?

22 A No.

23 Q At this time, we always offer the witness
24 an opportunity to clarify anything they previously told
25 us or to provide us with any additional information

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1 that you think might be helpful to us.

2 Is there anything you would like to clarify
3 or add to your testimony today?

4 A No.

5 MR. MURTHA: And of course, Counsel, at
6 this time, you now have the opportunity to ask any
7 follow-up questions that you might have.

8 MR. GIBBS: We have no questions.

9 MR. MURTHA: We have no further questions
10 at this time. Should we need to speak with you again,
11 we'll be in contact with your lawyer.

12 We're off the record at 3:36 p.m.

13 (Whereupon, at 3:36 p.m., the examination
14 was concluded.)

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PROOFREADER'S CERTIFICATE

3 In the Matter of: KIK INTERACTIVE

4 Witness: Eran Ben-Ari

5 File Number: HO-13388-A

6 Date: Tuesday, October 23, 2018

7 Location: Washington, D.C.

8
9 This is to certify that I, Christine Boyce,
10 (the undersigned) do hereby certify that the foregoing
11 transcript is a complete, true and accurate transcription
12 of all matters contained on the recorded proceedings
13 of the investigative testimony.

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17 (Proofreader's Name) (Date)

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REPORTER'S CERTIFICATE

3 I, Melinda Johnson, CSR, reporter, hereby
4 certify that the foregoing transcript is a
5 complete, true and accurate transcript of the testimony
6 indicated, held on Tuesday, October 23, 2018, at
7 Washington, D.C. in the matter of: Kik Interactive.

8
9 I further certify that this proceeding was
10 recorded by me, and that the foregoing transcript has
11 been prepared under my direction.

12 Date: _____

13 Official Reporter: _____
14 Diversified Reporting Services, Inc.

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